Government of Alberta

2012–13 Annual Report

- Consolidated Financial Statements
- Measuring Up

Alberta

This is the report to Albertans on ***Budget 2012: Investing in People.*** It is a permanent public record of the dollars spent and the results achieved by the Government of Alberta for the 2012-13 fiscal year.

The Government of Alberta Annual Report consists of two parts:

- ***Consolidated Financial Statements***, which provide an overall accounting of the government's revenue and spending, and assets and liabilities.
- ***Measuring Up***, which reports on the progress that has been made towards achieving the government's goals.

Annual reports for each ministry have also been published, providing additional detailed information on performance and financial results.

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Government of Alberta 2012–13 Annual Report
Consolidated Financial Statements and Measuring Up

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ACCOUNTABILITY STATEMENT

The government's Annual Report for the year ended March 31, 2013 was prepared under my direction on behalf of the government in accordance with the *Government Accountability Act* and the government's accounting policies. All of the government's policy decisions as at June 19, 2013 with material economic or fiscal implications have been considered in the preparation of the Annual Report.

Original signed by

Doug Horner
President of Treasury Board and Minister of Finance

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A MESSAGE FROM THE PRESIDENT OF TREASURY BOARD AND MINISTER OF FINANCE

Alberta's economy and population grew significantly in 2012-13. Even with the addition of about 100,000 people to our province, and with a severe drop in resource revenue, government continued to provide the quality programs and services that Albertans have come to expect.

While Alberta's economic indicators remained strong— including low unemployment and nation-leading job creation— we faced fiscal challenges, primarily due to declining energy prices and the discounts faced by Alberta producers. Even as we addressed these challenges— through increasing in-year savings and a disciplined approach to spending decisions— we continued to maintain our focus on addressing Albertans' priorities and preparing for a larger population and continued solid economic growth in the future.

At budget time, the government committed to investing in people. That meant delivering on priorities, while getting the most value for taxpayers' dollars. During 2012-13, we commenced the results-based budgeting process— a review of every government program and service to ensure they are as effective and efficient as possible. While the 2012-13 year-end results did not turn out as well as expected, the efforts undertaken and decisions made in preparing *Budget 2013* reflect the government's prudent approach, and set the stage for a future of fiscal responsibility.

Non-renewable resource revenue was $3.6 billion lower than budget—due primarily to volatile energy prices and the effects of the "Bitumen Bubble," which resulted in Alberta producers and the government receiving discounted prices for bitumen production. This was partially offset by higher tax and other revenue. Overall, total revenue was $1.8 billion lower than budget.

Expense was $161 million higher than budget, a result of providing $596 million in disaster assistance mainly for agriculture and forest fires. However, operating expense was $339 million lower than budget, while capital grant expense was $452 million lower than budget. The year-end results were impacted by the revenue decline and expense changes, with the deficit $2 billion higher than the budget estimate.

The initiatives highlighted in *Measuring Up* show that Alberta continued to honour the commitments made in *Budget 2012*. We invested in key infrastructure such as roads, health facilities and municipal capital projects that are high priorities for Alberta families, and will meet the needs of our growing province.

We supported programs that help Albertans raise their families, protect the vulnerable and assist in securing our economic future. We ensured better access to health care services, helped our growing seniors population, assisted with a better quality of life for the vulnerable, and continued to build the best education system in Canada. And we did this without raising taxes.

The work we did in 2012-13 is setting the stage for the future. Going forward, we will continue to implement our government's Building Alberta Plan, which invests in families and communities, including the new roads, schools and health facilities our growing province needs.

It ensures we live within our means by challenging every dollar the government spends and making sure every program continues to deliver real results for people. And it builds new markets for all our resources so we get the fairest prices and protect the jobs and prosperity Albertans depend on.

Original signed by

Doug Horner
President of Treasury Board and Minister of Finance

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PREFACE

The Public Accounts of Alberta are prepared in accordance with the *Financial Administration Act* and the *Government Accountability Act*. The Public Accounts consist of the Annual Report of the Government of Alberta and the annual reports of each of the 18 ministries.

This Annual Report of the Government of Alberta contains the Minister's Accountability Statement, an Executive Summary, the audited Consolidated Financial Statements of the Province and the *Measuring Up* report, which compares actual performance results to desired results set out in the government's strategic plan.

The annual reports of ministries are released concurrently with the Annual Report of the Government of Alberta. The ministry annual reports contain Ministers' accountability statements, the audited consolidated financial statements of the ministries and a comparison of actual performance results to desired results set out in the ministries' business plans. Each ministry annual report also includes:

- Financial statements of entities making up the ministry including departments (all departments combined form the General Revenue Fund), regulated funds, provincial agencies and Crown-controlled corporations;
- Other financial information as required by the *Financial Administration Act* and the *Government Accountability Act*, either as separate reports or as a part of financial statements, to the extent that the ministry has anything to report;
- Financial information relating to accountable organizations and trust funds.

NOTE:
Effective April 1, 2013, the *Fiscal Responsibility Act* and *Government Accountability Act* were repealed and replaced by the *Fiscal Management Act* (FMA). Beginning in 2013-14, the government's Annual Report will be prepared pursuant to section 12 of the FMA.

EXECUTIVE SUMMARY

NOTE: AMOUNTS PRESENTED IN TABLES MAY NOT ADD TO TOTALS DUE TO ROUNDING.

BUDGET 2012: INVESTING IN PEOPLE

Budget 2012 focused on the Premier's commitments and Albertans' priorities: investing in families and communities, securing Alberta's economic future and advancing world-leading resource stewardship.

A long-term vision for Alberta was articulated, with specific initatives identified:

- Remodel primary health care delivery;
- Ensure vulnerable Albertans are looked after;
- Strive for a thriving, co-ordinated K-12 and post-secondary education system;
- Continue building Alberta's infrastructure to keep pace with population and economic growth;
- Tell the world of Alberta's responsible energy development;
- Manage spending carefully, with an ongoing process to evaluate effectiveness and efficiency of programs and services in delivering outcomes Albertans expect.

As is not unusual for Alberta, and especially with recent global economic turmoil, the 2012-13 results differed from the original *Budget 2012* estimates. While revenue from almost all sources improved, spurred by rapid population growth, Alberta's energy sector suffered from deep discounts to their prices, largely from an unexpected jump in North American oil production and insufficient pipeline capacity to access markets and higher prices. As a result, resource revenue was $3.6 billion lower than budget, and total revenue was $1.8 billion lower.

The actual deficit of $2.8 billion was $2 billion higher than the budget estimate. Expense was $161 million higher due almost entirely to in-year provision of agriculture and forest-fire disaster assistance.

Global economic conditions remain very uncertain, with large daily commodity and financial market swings. Access to markets for our energy production also will continue to be a focus for the Premier. In this environment, the government will continue to be prudent, concentrating on delivering the outcomes Albertans expect, while managing our unique fiscal volatility responsibly. A new fiscal framework, with a legislated saving plan, was developed during 2012-13, and implemented for 2013-14.

Program Initiatives

Total expense increased by $1.9 billion or 4.7% from 2011-12 to $41.4 billion.

Health. 6% increase to Alberta Health Services' base operating grant, plus extra support for new facility operations. Opened three pilot Family Care Clinics.

Advanced and basic education. Increased school board grants for enrolment growth and teachers' salaries. Higher grants to post-secondary institutions for enrolment growth, new facilities and better collaboration. Student aid programs improved.

Support for vulnerable Albertans. Increased funding for seniors benefits, Assured Income for the Severely Handicapped, programs for children and the disabled, and contracted agency staff compensation. Developed a comprehensive *Social Policy Framework*.

Other. Added 42 new frontline RCMP officers, implemented the *Joint Canada Alberta Oil Sands Monitoring Plan*, and provided disaster assistance to agricultural and forestry sectors. Funded research and technology commercialization through Alberta Innovates corporations.

Capital Plan

Infrastructure support of $5.2 billion remained significant, but was lower than budget and 2011-12.

NOTE ON DIFFERENCES IN REPORTING

The Annual Report Consolidated Financial Statements (CFS) report on a different basis than the Fiscal Plan (budget) documents. The CFS includes:

- Revenue, expense, assets and liabilities of Crown-controlled SUCH sector entities (schools, universities, colleges and health entities) and Alberta Innovates corporations. This adds revenue of $3.9 billion, expense of $3.8 billion and net assets of $23 billion.
- Deferred capital contribution treatment for capital transfers. Reduces revenue by $0.1 billion and net assets by $2.4 billion.
- Pension liabilities. Adds $0.3 billion to expense and $10.9 billion to liabilities.

The 2012-13 Fiscal Plan deficit was $2.8 billion while the Consolidated Financial Statements deficit was $3.1 billion. More details on the differences between the reporting methods is provided on pages 19-21.

FISCAL HIGHLIGHTS

On the Fiscal Plan basis (excludes pension provisions, SUCH sector and Alberta Innovates corporations, deferred capital contributions treatment), the deficit was $2.8 billion, $2 billion higher than the *Budget 2012* estimate and $2.8 billion higher than the 2011-12 deficit.

Revenue was $38.6 billion, a decrease of $1 billion from 2011-12 and $1.8 billion from the budget.

- **Change from 2011-12.** Increases of $2.4 billion in tax revenue, $0.4 billion in investment income and $0.3 billion in other revenue were more than offset by a $4 billion decrease in resource revenue.
- **Change from Budget.** Increases of $0.7 billion in investment income, $0.5 billion in tax revenue, and $0.7 billion in other revenue were more than offset by decreases of $3.6 billion in resource revenue and $116 million in federal transfers.

Expense was $41.4 billion, an increase of $1.9 billion from 2011-12 and $161 million from the budget.

- **Change from 2011-12.** Increases of $2.2 billion in operating expense and $0.3 billion in amortization and disaster / emergency assistance were partly offset by a $0.6 billion decrease in capital grants.
- **Change from Budget.** Decreases of $0.3 billion in operating expense and $0.5 billion in capital grants and debt servicing costs were offset by $0.6 billion for in-year disaster assistance and integrating the budgeted $360 million in-year savings into actual operating and capital grant reductions.

The Consolidated Financial Statements basis deficit was $3.1 billion, $3 billion higher than in 2011-12.

Net Assets. At March 31, 2013, on the Fiscal Plan basis, net assets were $44.2 billion, including capital assets of $21.6 billion. On the Consolidated Financial Statements basis, net assets were $54 billion, including capital assets of $41.8 billion. More details on assets and liabilities are provided on pages 18-19.

Fiscal Summary[a]

(millions of dollars)

		2012-13		2011-12
	FISCAL PLAN BASIS (*Fiscal Responsibility Act*)	**Budget**	**Actual**	**Actual**
1	**Revenue**	40,388	**38,593**	39,543
	Expense			
2	Operating expense	36,651	**36,312**	34,096
3	Capital grants	3,526	**3,074**	3,677
4	Disaster / emergency assistance	44	**596**	536
5	Capital amortization / inventory consumption / asset disposals	882	**941**	758
6	In-year savings	(360)	**-**	-
7	Debt servicing costs	531	**512**	499
8	**Total Expense**	41,274	**41,435**	39,566
9	**Surplus / (Deficit) - Change in Net Assets**	(886)	**(2,842)**	(23)
	RECONCILIATION TO CONSOLIDATED FINANCIAL STATEMENTS BASIS			
	Revenue Adjustment			
10	SUCH sector / Alberta Innovates corporations / deferred capital contributions		**3,793**	3,853
11	**Total Revenue (Consolidated Financial Statements basis - lines 1 + 10)**		**42,386**	43,396
	Expense Adjustments			
12	Adjustment for capital spending		**975**	1,068
13	SUCH sector / Alberta Innovates corporations net adjustment		**2,779**	2,242
14	Pension provisions		**296**	634
15	Total expense adjustments		**4,050**	3,944
16	**Total Expense (Consolidated Financial Statements basis - lines 8 + 15)**		**45,485**	43,510
17	**Surplus / (Deficit) – Consolidated Financial Statements basis**		**(3,099)**	(114)

[a] 2011-12 revenue and operating expense have been increased by $294 million due to accounting policy changes. Transfers made through the tax system are no longer deducted from revenue, but rather reported as expense, increasing personal income tax and expense by $114 million (Family Employment Tax Credit), and corporate income tax by $57 million (Scientific Research and Experimental Development Tax Credit). In addition, an allowance for doubtful accounts for corporate income tax, previously deducted from revenue, is now reported as expense, increasing revenue and expense by $123 million. This last change also requires restating the 2012-13 Budget corporate income tax revenue and operating expense by $125 million.

CASH ADJUSTMENTS

- **Retained income of funds and agencies.** Heritage Fund inflation-proofing of $161 million, and a net $562 million in financial surpluses of entities, like Alberta Treasury Branches and the endowment funds, are included in the 2012-13 year-end results, but kept by the entities.
- **Capital cash requirements.** Investment in government-owned capital and principal repayments on P3 contracts required $2.2 billion in cash not included in expense in 2012-13.
- **Capital cash sources.** $1.2 billion, including $0.9 billion in non-cash amortization / consumption of government-owned assets and book value of capital asset disposals, included in expense, and $0.3 billion in funding for capital spending from P3 and direct borrowing.
- **Energy royalties.** Differences between reported revenue and when cash is actually received amount to a net $294 million more reported resource revenue than cash received.
- **Other cash adjustments.** $267 million in cash was needed for student loans, net of loan repayments, and another $134 million in net negative cash adjustments primarily related to higher reported personal income tax revenue than cash received.

ALBERTA SUSTAINABILITY FUND

The *Fiscal Responsibility Act* set out Alberta's fiscal framework for managing revenue volatility, including establishing the Sustainability Fund as a risk management mechanism, to offset deficits. The new *Fiscal Management Act* takes effect for 2013-14, and replaces the Sustainability Fund with the Contingency Account, available to offset operational deficits.

The Fund receives cash from year-end results, or provides cash to fund a reported deficit, after adjusting for differences between accrued revenue and cash receipts, non-cash expense and transfers not reported on the income statement.

- The Fund began the year with $7.5 billion in assets and on March 31, 2013 had $3.3 billion. This was $0.4 billion lower than estimated, due mainly to lower revenue and the higher deficit.
- $1.3 billion from 2011-12 fourth quarter results was transferred after March 31, 2012. Similarly, a transfer of $256 million from 2012-13 fourth quarter results will take place in 2013-14.
- $5.2 billion was transferred to offset cash requirements, including the $2.8 billion reported deficit, as permitted by the *Fiscal Responsibility Act*.

Cash Adjustments and Sustainability Fund (at March 31, 2013)

(millions of dollars)

	2012-13		
Cash Adjustments - (requirements) / sources	**Budget**	**Actual**	**Change from Budget**
Retained income of funds and agencies			
Heritage Fund inflation-proofing	(306)	**(161)**	145
ATB / AFSC / other funds and agencies	(530)	**(562)**	(32)
Capital cash adjustments			
Capital investment / principal repayments	(2,246)	**(2,182)**	64
Capital amortization / net book value of disposals	884	**941**	57
Alternative financing (P3s) / direct borrowing	172	**278**	106
Other cash adjustments			
Energy royalties	(633)	**(294)**	339
Student loans / other cash adjustments	(187)	**(401)**	(214)
Net Cash Adjustments	(2,846)	**(2,381)**	465
Plus: Deficit	(886)	**(2,842)**	(1,956)
Net Cash Requirements	(3,732)	**(5,223)**	(1,491)
Alberta Sustainability Fund		**At March 31**	
Assets at Start of Year	7,462	**7,497**	
Cash transferred from 2011-12 fourth quarter results	-	**1,308**	1,308
Transfer to offset net cash requirements	(3,732)	**(5,223)**	(1,491)
Cash from 2012-13 fourth quarter results to be transferred in 2013-14	-	**(256)**	(256)
Assets at End of Year	3,730	**3,326**	(404)

ECONOMIC HIGHLIGHTS

(Calendar year basis)

2012 Economic Growth. Alberta's economy expanded in 2012 by an estimated 3.9%, closely in line with the 3.8% forecast in *Budget 2012*. This followed robust growth of 5.1% in 2011.

Employment. Increased 55,500, or 2.7% in 2012, as *Budget 2012* forecast, and the average unemployment rate fell to 4.6% from 5.5% in 2011.

Population Growth. Annual population growth in census year 2012 (ended June 30) accelerated to 2.5%, driven mainly by strong international and interprovincial migration. This was higher than the 1.8% forecast in *Budget 2012*, and also significantly above the national rate of 1.1%.

Primary Household Income. Primary Household Income (PHI) replaced "Personal Income" in 2012 as a new measure of overall wages and salaries, investment and other forms of household income. Alberta PHI rose by an estimated 7.3% in 2012, following an 8.3% increase in 2011. Average weekly earnings, a different measure, increased 3.6%, or $37.23, to $1,072.98.

Consumer Sector. Strong in-migration and a robust labour market supported a large increase in consumer spending in 2012. Retail sales rose by 6.9%, nearly triple the national average and slightly better than the 6.8% growth in 2011. Consumer bankruptcies, which peaked at 9,986 in 2009, declined for the third year in a row, by 18% in 2012 to 5,759.

Housing. Housing starts jumped to 33,396 units in 2012, a 30% surge from 2011. The new house price index rose by 1.3%, while the Canadian average increase in new home prices in 2012 was 2.3%.

Inflation. Consumer prices in 2012 climbed by a modest 1.1% in Alberta compared to the national average of 1.5%. The non-residential building construction cost index (average of Edmonton and Calgary) increased by 3.8% in 2012.

Energy Sector. A moderation in oil prices, due mainly to the widening of the discount between prices for Alberta oil and international benchmarks, weighed on the oil industry in 2012. Significant growth in North American oil production coupled with insufficient access to pipelines severely impacted prices for Alberta's oil. The average number of rigs drilling in Alberta was 250, a decrease of 12.6% from 2011. Bitumen production expanded by 10%, while conventional oil production grew by 14%. Estimated recoverable reserves of conventional oil were revised upward by 10%. Natural gas production continued to decline, falling by 5.6%.

Manufacturing Sector. The value of Alberta manufacturing shipments increased for the third year in a row in 2012, rising by 3.4%.

Agriculture Sector. Farm cash receipts jumped 14.1% in 2012, led by gains in crop receipts.

TAX HIGHLIGHTS

A Competitive Tax System. Alberta's tax system continues to be one of the most competitive in North America. If Alberta had any other provincial tax system, Albertans and Alberta businesses would pay at least $10.6 billion more in taxes each year. When all taxes are considered, Alberta small business owners continue to pay the lowest overall taxes in Canada. In 2012-13, the government enhanced the Scientific Research and Experimental Development tax credit by about $25 million annually through elimination of the "grind," which deducted the federal investment tax credit as part of the calculation of Alberta's credit. Elimination of the grind enhanced competitiveness and reduced complexity.

Fair Tax System. Alberta's personal income tax system is progressive and fair, with the highest basic, spousal and eligible dependant credit amounts in Canada. Also, in contrast with other provinces, Alberta does not levy a general sales tax. Sales taxes are more heavily felt by lower and middle income households since they tend to spend a larger share of their income on consumption.

Education Property Tax. The methodology for determining the education property tax requisition was reviewed in 2012-13, resulting in a new policy being introduced in *Budget 2013*. The education property tax revenue to be collected is now calculated as 32% of total education system operating expense, and mitigation measures will be eliminated, achieving greater equity in the distribution of the education property tax among Alberta municipalities.

EXPENSE

On the Fiscal Plan basis, 2012-13 total expense was $41.4 billion. Health and education accounted for 62% of total expense.

Year-over-year comparison. Expense was $1.9 billion higher than 2011-12. This included:

- **Operating expense.** $2.2 billion or 6.5% increase, primarily for Alberta Health Services, physician compensation, school board grants, AISH benefit increases and contracted agency wages.
- **Capital grants.** $603 million or 16.4% decrease, primarily due to lower school, housing, health facility and post-secondary institution grants, partly offset by higher grants for environmental initiatives and carbon capture and storage.
- **Disaster / emergency assistance.** $60 million or 11% increase primarily due to agriculture hail indemnity and crop insurance payments related to severe weather, and forest fire-fighting costs.
- **Other expense.** Increase of $196 million or 15.6% in amortization / inventory consumption expense, disposals of land to municipalities and debt servicing costs.

Budget-to-actual changes. Expense was $161 million higher than budgeted. This included:

- **Operating expense.** $339 million or 1% decrease, primarily due to savings in various ministries, partially offset by higher physician compensation and external investment management fees.
- **Capital grants.** $452 million or 12.8% decrease, primarily from re-profiling projects to future years.
- **Disaster / emergency assistance.** $552 million increase for agriculture assistance, forest fire-fighting costs and municipal flood assistance.
- **In-year savings.** The $360 million is integrated in operating expense and capital grant reductions.
- **Other expense.** A net increase of $40 million, mainly from disposals of lands to municipalities partly offset by a decrease in debt servicing costs related to lower interest rates.

On the **Consolidated Financial Statements basis,** total expense was $45.5 billion, $2 billion higher than in 2011-12.

Expense

(millions of dollars)

	2012-13		2011-12	Change from	
FISCAL PLAN BASIS (*Fiscal Responsibility Act*)	**Budget**	**Actual**	**Actual**	**Budget**	**2011-12 Actual**
Operating expense	36,651	**36,312**	34,096	(339)	2,216
Capital grants	3,526	**3,074**	3,677	(452)	(603)
Disaster / emergency assistance	44	**596**	536	552	60
Capital amortization / inventory consumption / asset disposals	882	**941**	758	59	183
In-year savings	(360)	**-**	-	360	-
Debt servicing costs	531	**512**	499	(19)	13
Total Expense	41,274	**41,435**	39,566	161	1,869
RECONCILIATION TO CONSOLIDATED FINANCIAL STATEMENTS BASIS					
Adjustment for capital spending	n.a.	**975**	1,068	n.a.	(93)
SUCH sector net expense adjustment	n.a.	**2,742**	2,180	n.a.	562
Alberta Innovates corporations	n.a.	**37**	62	n.a.	(25)
Pension provisions	n.a.	**296**	634	n.a.	(338)
Total Expense (Consolidated Financial Statements basis)	n.a.	**45,485**	43,510	n.a.	1,975
Capital investment (Fiscal Plan)	2,218	**2,154**	2,194	(64)	(40)
Capital investment (SUCH / Alberta Innovates corporations)	n.a.	**2,070**	2,853	n.a.	(783)

Note on Capital Investment

In 2012-13, capital investment in government-owned facilities and equipment was $2.2 billion, $40 million lower than 2011-12. Capital investment is not recorded as an expense; only the amortization of government-owned capital is reflected in expense. Capital support to external authorities (including the SUCH sector) is treated as an expense and is not amortized in provincial government Fiscal Plan documents. Capital investment plus capital grants to external authorities and support for other infrastructure equal the total Capital Plan support provided by the provincial government. The Capital Plan does not include amortization expense.

Expense by Function

(millions of dollars)

FISCAL PLAN BASIS (*Fiscal Responsibility Act*)	2012-13 Budget	2012-13 Actual	2011-12 Actual	Change from 2012-13 Budget	Change from 2011-12 Actual
Health	16,845	**16,529**	15,562	(316)	967
Education	9,436	**9,306**	9,271	(130)	35
Social Services	4,727	**4,641**	4,278	(86)	363
Agriculture, Resource Management and Economic Development	2,208	**2,430**	1,988	222	442
Transportation, Communications and Utilities	1,895	**1,945**	1,970	50	(25)
Protection of Persons and Property	1,587	**1,805**	1,866	218	(61)
Regional Planning and Development	1,122	**1,113**	1,109	(9)	4
Housing	250	**188**	285	(62)	(97)
Recreation and Culture	370	**377**	367	7	10
Environment	394	**389**	318	(5)	71
General Government	2,269	**2,201**	2,053	(68)	148
In-year savings	(360)	**-**	-	360	-
Debt Servicing Costs	531	**512**	499	(19)	13
Total Expense	41,274	**41,435**	39,566	161	1,869
RECONCILIATION TO CONSOLIDATED FINANCIAL STATEMENTS BASIS					
Adjustment for capital spending	n.a.	**975**	1,068	n.a.	(93)
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Alberta Innovates corporations	n.a.	**37**	62	n.a.	(25)
Pension provisions	n.a.	**296**	634	n.a.	(338)
Total Expense (Consolidated Financial Statements basis)	n.a.	**45,485**	43,510	n.a.	1,975

CAPITAL PLAN

- The Capital Plan supported $5.2 billion in projects in 2012-13, a decrease of $516 million or 9% from budget, and $643 million or 11% lower than in 2011-12.
- The decrease from budget was mainly due to re-profiling cash flows requirements of various health, schools and other major projects to future years, offset by progress on major highway projects such as the northeast section of the Anthony Henday ring road.
- The decrease from 2011-12 was mainly due to the completion of post-secondary institution projects, the winding down of significant investment in affordable housing over the last several years, and GreenTRIP grants approved for Edmonton in 2011-12, partly offset by higher capital grants for carbon capture and storage and the Climate Change and Emissions Management Fund.

Capital Plan

(Fiscal Plan basis, millions of dollars)

	2012-13 Budget	2012-13 Actual	2011-12 Actual	Change from 2012-13 Budget	Change from 2011-12 Actual
Municipal infrastructure support	1,620	**1,607**	1,719	(13)	(112)
Provincial highway network	1,367	**1,532**	1,534	165	(2)
Health facilities and equipment	816	**565**	652	(251)	(87)
Schools	364	**307**	387	(57)	(80)
Post-secondary facilities	76	**76**	255	-	(179)
Community facilities	135	**116**	140	(19)	(24)
Water and wastewater management	272	**217**	305	(55)	(88)
Housing	162	**77**	280	(85)	(203)
Government facilities, equipment and other capital	932	**732**	599	(200)	133
Total Capital Plan	5,744	**5,228**	5,871	(516)	(643)

SPENDING HIGHLIGHTS (By functional area)

HEALTH

Health expense was $16.5 billion, a $967 million or 6.2% increase from 2011-12, and a $316 million decrease from budget.

- **Changes from 2011-12** included:
  - $580 million increase in the operating grant to Alberta Health Services (AHS), plus an additional $145 million increase to AHS for new operations and increased capacity of the South Health Campus and the Kaye Edmonton Clinic.
  - $165 million increase for physician services, reflecting more physicians and service demand.
  - $157 million net increase in other programs.
  - $80 million net decrease in capital grants.
- **Changes from budget** included:
  - $258 million net decrease in capital grants.
  - $117 million decrease from delays in opening the South Health Campus and Kaye Edmonton Clinic.
  - $82 million decrease primarily related to delayed progress on Family Care Clinics implementation.
  - $22 million decrease from reduced generic drug pricing.
  - $89 million net decrease in other programs.
  - $252 million increase for physician services, due mainly to more physicians and service demand.

MAJOR INITIATIVES

- Opened three pilot Family Care Clinics in Edmonton, Calgary, and Slave Lake in April 2012. The clinics treated thousands of patients during the year, and provided an alternative to hospital emergency departments for non-urgent situations.
- Began work with the Primary Care Alliance and AHS on continued development of Primary Care Networks (PCNs), aimed at standardizing and expanding the range of services offered by PCNs. As of March 31, 2013, there were 40 PCNs with more than 2,600 family physicians providing primary care to over 2.9 million Albertans.
- Released *Creating Tobacco-free Futures: Alberta's Strategy to Prevent and Reduce Tobacco Use 2012-2022*. The strategy includes measures to protect Albertans from the harms of second-hand smoke.
- Developed the new Compensation Plan for Pharmacy Services in July 2012 to enable pharmacists to offer clinical pharmacy services, such as administering drug injections and altering prescriptions based on a patient's health needs.
- Immunized almost 900,000 Albertans over a six week period against influenza.

CAPITAL PLAN

- Opened the new South Health Campus in Calgary, the Kaye Edmonton Clinic and the Fort Saskatchewan Community Hospital.
- Finished construction of a new emergency department, main entrance and administration area at St. Albert's Sturgeon Community Hospital.
- Construction commenced on health facilities in Edson, Grande Prairie, High Prairie, Lethbridge, and Medicine Hat.

EDUCATION

Education expense was $9.3 billion in 2012-13, $35 million higher than 2011-12 but $130 million lower than the *Budget 2012* estimate.

Changes from 2011-12 included increased school board support to accommodate higher enrolment and teachers' salaries and increased operating grants to post-secondary institutions for enrolment growth, enhancing collaboration and operating costs of new facilities, offset by a decrease in student loan remission expense arising from changes made to student aid programs and lower capital grants.

The **decrease from budget** was primarily due to lower capital grants for schools and lower student loan remission expense due to student aid program changes made subsequent to presentation of *Budget 2012*.

MAJOR INITIATIVES

Kindergarten to Grade 12 Education

- $6.1 billion in operating and property tax support for public and separate school boards, an increase of $197 million or 3.4% from 2011-12, mainly for teachers' salaries and enrolment growth.
- $315 million for current-year pension expense (post-1992 Teacher's Pension Plan), a $19 million or 6% increase from 2011-12.

- $233 million for the *Class Size Initiative*, now focused on Kindergarten to Grade 3 classes.
- $296 million in support for transportation of nearly 300,000 students, a $21 million or 7.6% increase from 2011-12.
- A new funding model, *Inclusive Education*, was introduced in 2012-13, to support meeting both common and diverse learning needs of all students. $68 million in additional funding was provided.
- In 2012-13, *Equity of Opportunity* was developed to govern the distribution of the $107 million re-instated during 2011-12. Funding is provided in three streams: per student, for distance and for low student density.

Advanced Education

- Provided nearly $2.3 billion in operating grants to post-secondary institutions.
- Awarded $74 million in scholarships to 38,500 Alberta students. Funded over 58,000 full-time students by providing $340 million in Alberta student loans and $29 million in provincial grants.
- Changed student aid programs to improve part-time student accessibility, reduce eligibility criteria and provide incentives for completion.
- Established Productivity Alberta to advise small and medium-sized industrial companies regarding efficiency and productivity.
- Recruited 10 of 17 Campus Alberta Innovation Program research chairs, who will strive to attract new leaders in energy and environment, food and nutrition, neuroscience / prions, and water research.
- Provided $229 million in job training and other employment supports for Albertans.

CAPITAL PLAN

- Provided $307 million for school facilities. Three high schools in Edmonton, Sherwood Park and Spruce Grove, and one middle school in Millet opened in September 2012, and a high school in Calgary will open in September 2013. Under the P3 Alberta Schools Alternative Procurement (Phase II), ten schools opened September 2012. Work commenced on the 35 school projects announced May 2011, with 34 of them expected to open in September 2014.
- Provided $76 million to support maintenance and renewal of post-secondary facilities. The new SAIT Trades and Technology Complex and the Bow Valley College downtown campus were opened in 2012-13.

SOCIAL SERVICES

Social services expense was $4.6 billion in 2012-13, an increase of $363 million, or 8.5% from 2011-12, but $86 million lower than the *Budget 2012* estimate.

The **increase from 2011-12** was mainly due to the significant increase in Assured Income for the Severely Handicapped (AISH) benefits, higher caseloads and costs per case in programs for children, seniors and the disabled, and higher wages to contracted agency staff (through Persons with Developmental Disabilities boards and Child and Family Service Authorities).

The **decrease from budget** was due primarily to lower-than-expected demand for training programs, caseloads in AISH and in programs for children, and accommodation subsidies from delays in implementing long term care rate increases, partially offset by higher low-income rent supplement support.

MAJOR INITIATIVES

- Provided $3.9 billion for programs supporting children, youth, low-income and disabled Albertans, and $459 million in seniors programs.
- AISH expense was over $1 billion, $229 million or 28.4% higher than 2011-12, providing financial assistance to over 45,000 clients. The maximum monthly income benefit and monthly income exemptions were increased, making Alberta's program for clients with severe and permanent disabilities one of the most comprehensive in Canada.
- Support to Persons with Disabilities expense was $702 million, an increase of $60 million or 9.3% from 2011-12, for growth and increasing complexity of cases, and higher wages for contracted agency staff.
- Provided $459 million to seniors through the Alberta Seniors Benefit (ASB), Special Needs Assistance, dental, optical and property tax assistance programs, $16 million more than in 2011-12. ASB income exemption and thresholds were adjusted to protect seniors from the impact of increases to federal seniors benefit programs.

- $25 million for supportive home care, to allow Albertans to age within their own communities. Initiatives include more adult day program spaces, greater access to 24-hour on-call registered nurses and the *Destination Home* program.
- Developed a comprehensive *Social Policy Framework*, in consultation with Albertans, that will guide decisions and design of programs.
- Provided $66 million in rent supplements for low-income households.
- $110 million allocated to eliminate homelessness. Approximately 6,600 people have been provided with housing and other supports since 2009.
- Family Support for Children with Disabilities expense was $138 million, a $5 million or 3.4% increase from 2011-12. The program served 8,827 children and their families.
- The Alberta Family Employment Tax Credit provided $114 million to low and middle-income families with children and employment income.

AGRICULTURE, RESOURCE MANAGEMENT AND ECONOMIC DEVELOPMENT

Expense was $2.4 billion, an increase of $442 million or 23% from 2011-12, and $222 million higher than the *Budget 2012* estimate.

The **increase from 2011-12** was primarily from higher agriculture indemnity payments (disaster expense) and carbon capture and storage capital grants.

The **increase from budget** mainly reflected higher agriculture indemnity payments.

MAJOR INITIATIVES

- Provided $217 million in grants to Alberta Innovates corporations to support research, innovation and technology commercialization.
- $44 million was provided under the Bioenergy Producer Credit program to encourage a variety of bioenergy products, such as renewable fuels, liquid biofuels, electricity, heat and biomass pellets and gas products.
- Indemnity payments of $552 million for production insurance (including hail endorsement) and $59 million for hail insurance were made. These included $266 million of in-year disaster assistance related mainly to severe hail storms.
- The Alberta Livestock and Meat Agency allocated $31 million to help agri-food businesses develop new markets, products and technologies.
- The Final Mile Rural Community Program provided $5 million in grants to assist municipal, First Nations and Metis communities to gain access to Alberta's broadband network.
- Alberta Multimedia Development Fund expense was $25 million, an increase of $9 million or 56%, providing 189 grants for screen-based productions, film industry events, book and magazine publishing, and sound recording.
- Provided $38 million to combat mountain pine beetle infestations.
- $60 million in Alberta tourism promotion.
- Finalized agreement on the North West Redwater Partnership upgrader. Continued exploring marketing options under the Bitumen Royalty-in-Kind initiative.
- $115 million in carbon capture and storage (CCS) capital grants were provided in 2012-13, bringing total CCS support provided to $135 million.
- Numerous trade and investment missions were undertaken in 2012-13, to Asia, the US and Europe, to promote Alberta as an environmentally-responsible, stable, global energy supplier, and to seek expanded market access.

TRANSPORTATION, COMMUNICATIONS AND UTILITIES

Expense was $1.9 billion in 2012-13, a decrease of $25 million, or 1.3% from 2011-12, but an increase of $50 million from the *Budget 2012* estimate. This included $917 million in municipal capital grants, amortization expense of $415 million, $408 million in highway maintenance and preservation expense and $205 million in other program expense.

The **decrease from 2011-12** primarily reflected funding approved in 2011-12 under GreenTRIP for Edmonton's light rail transit system.

The **increase from budget** primarily reflected transfers of airport lands and sections of highways to various municipalities.

MAJOR INITIATIVES

- Launched the 5-1-1 Official Roads Report program, providing reliable traveler information.

CAPITAL PLAN

- Municipal support of $917 million included $656 million to address local transportation infrastructure priorities, $168 million for water and wastewater infrastructure and $93 million for GreenTRIP projects, primarily for light rail transit systems in Edmonton (NAIT line) and Calgary (completion of west portion).
- Capital investment (not included in expense) on the provincial highway network was $1.5 billion in 2012-13, the same as 2011-12. Projects included:
  - Continued work on ring roads and associated interchanges in Edmonton and Calgary. Construction commenced on the final, northeast segment of Edmonton's Anthony Henday Drive, expected to be completed by October 2016, and continued on the southeast segment of Calgary's Stoney Trail, to open in October 2013.
  - An accelerated schedule to twin Highway 63 between Grassland and Fort McMurray by fall 2016, and completed twinning of 36 kilometers north of Wandering River.
  - Fort McMurray's Confederation Way interchange opened and the Thickwood Boulevard interchange is to be completed in fall 2013.
  - Major bridge replacements across the North Saskatchewan River near Drayton Valley and the South Saskatchewan River in Medicine Hat.
  - Twinning of Highway 43 by Sturgeon Lake, to be opened in fall 2014, will provide a twinned corridor from west of Grande Prairie to the Alberta-Montana border at Coutts.
  - Widened 46 kilometers of Highway 58 near High Level, six-laned 11 kilometers of Highway 2 north of Airdrie and Highway 625 through Nisku Business Park, and reconstructed Highway 13 east of Camrose.
  - Over 950 kilometers paved throughout Alberta.

PROTECTION OF PERSONS AND PROPERTY

Expense was $1.8 billion in 2012-13, a decrease of $61 million, or 3.3% from 2011-12, but $218 million higher than the *Budget 2012* estimate.

The **decrease from 2011-12** was mainly due to the municipal disaster assistance for floods and the Slave Lake wildfire provided in 2011-12, partially offset by increases for policing and correctional services staff.

The **increase from budget** was mainly due to in-year disaster expense for forest fire-fighting costs.

MAJOR INITIATIVES

- Spent $352 million, including $247 million of in-year disaster assistance, to fight 1,568 forest fires, which consumed over 377,000 hectares.
- Provided $48 million for disaster recovery and municipal wildfire assistance, including $15 million for the Slave Lake wildfire.
- Renewed the Provincial Police Service Agreement with the RCMP until 2032, which included adding 42 new frontline RCMP officers.
- Added 40 Sheriffs for courtrooms and perimeter screening to enhance courthouse security.
- Phased-in the new impaired driving legislation, on July 1st and September 1st, with a public education and awareness campaign. Traffic safety initiatives continued, including a new Class 5 licence curriculum, to lower fatalities and injuries.
- The *Missing Persons Act* will assist police in locating missing persons where it does not appear that a crime is involved, while maintaining privacy rights.
- The *Body Armour Control Act* will help prevent body armour use by gangs and organized criminals.
- Provided $66 million to Legal Aid Alberta, including $7 million in one-time funding to address its operating deficit.

REGIONAL PLANNING AND DEVELOPMENT

Expense was $1.1 billion, a $4 million increase from 2011-12, but a decrease of $9 million from budget.

The **increase from 2011-12** was mainly due to higher casino revenue which is allocated to the First Nations Development Fund.

The **decrease from budget** was due to lower expense in a variety of ministries.

MAJOR INITIATIVES

- Provided $896 million to municipalities under the Municipal Sustainability Initiative, including $849 million in capital grants and $47 million in operating grants.
- $119 million in casino revenue was provided to First Nations through the First Nations Development Fund.

- Updated the *Policy on Consultation with First Nations on Land and Natural Resource Management.*
- Provided over $17 million to Aboriginal communities and people for consultation capacity and economic development initiatives.
- Signed the *Metis Settlements Long-term Governance and Funding Arrangements* following two years of negotiations.

OTHER PROGRAM EXPENSE

Other program expense was $3.2 billion in 2012-13, an increase of $132 million or 4.4% from 2011-12, but $128 million lower than budget.

The **increase from 2011-12** mainly related to higher expense for environmental initiatives and external investment management fees (offset by investment income), partly offset by lower housing expense, reflecting the easing of substantial investment in prior years and delays in Affordable Supportive Living Initiative projects.

The **decrease from budget** was mainly due to lower-than-expected expense on housing programs and capital grants, partially offset by higher external investment management fees.

MAJOR INITIATIVES

Housing

- Provided $121 million to housing providers for seniors and community housing.
- Added 857 continuing care spaces in 2012-13. Since March 2010, over 3,000 spaces have been added, leaving about 2,300 remaining to achieve the 5-year target of 5,300 by March 2015. The *Budget 2013* three-year Capital Plan contains $100 million for the Affordable Supportive Living Initiative to support that goal.
- $44 million in inventory acquisition (not included in expense) for continued land development in the Parsons Creek subdivision of Fort McMurray, which is expected to house 24,000 residents.

Recreation and Culture

- Community-based initiative support included:
  - $44 million for 492 projects under the Community Facility Enhancement Program, to build, purchase, repair and improve community-use facilities.
  - $22 million for 915 projects under the Community Initiatives Program.
  - $16 million in the Community Spirit Program, for 2,125 non-profit and charitable organizations.
- Provided $55 million to support Alberta historic sites, museums and heritage preservation and conservation programs.
- $27 million for capital projects cost-shared with the federal government included the National Music Centre in Calgary and facilities in Lethbridge, Medicine Hat and Spruce Grove.
- Alberta Foundation for the Arts provided grants of $24 million to support artists and arts promotion.
- Public libraries received $31 million.
- $59 million for provincial park operations and management, and an additional $12 million in capital investment (not included in expense) for park infrastructure maintenance and renewal.
- Supported the fifth annual Alberta Culture Days celebration with thousands of Albertans participating in 1,235 events in 81 communities.
- $26 million to promote active and healthy lifestyles, recreation and sport, and implement *Active Alberta.*

Environment

- $29 million in ecoTrust for Clean Air and Climate Change initiatives.
- Recorded $94 million in emissions management charges from industry in 2012-13, and flowed through $93 million to the Climate Change and Emissions Management Corporation, which invests in technologies to reduce greenhouse gas emissions and adapt to climate change.
- $16 million for land conservation purchases.
- Implemented the *Joint Canada Alberta Oil Sands Monitoring Plan.*

General Government

- Initiated the results-based budgeting process, in which all programs and services will be reviewed to determine if they are achieving results effectively.
- Conducted consultations on Alberta's fiscal framework and savings policy, and implemented the rules in *Budget 2013* through approval of the *Fiscal Management Act.*

- Implemented a comprehensive disclosure policy on travel, accommodation, meals and hospitality expense for Ministers, Associate Ministers, political staff and senior government officials.
- Introduced a whistleblower protection law to allow public service employees to report wrongdoings without fear of reprisal.
- Developed the Seniors Property Tax Deferral program, permitting senior homeowners to borrow at low rates from government to pay property tax.
- Opened the Edmonton Remand Centre, which is the largest facility of its kind in Canada, with 1,952 beds.
- Continued work on the Edmonton Federal Building and surrounding Centennial Plaza, and the Royal Alberta Museum design. Began construction of the Evan Thomas Water and Wastewater Treatment Facility in Kananaskis.

DEBT SERVICING COSTS

- Debt servicing costs primarily represent interest paid on: unmatured accumulated debt; borrowing for capital purposes and to repay the Teachers' Pension Plan debt; the lending operations of Alberta Capital Finance Authority (ACFA) and Agriculture Financial Services Corporation.
- 2012-13 debt servicing costs were $512 million, an increase of $13 million from 2011-12, but a decrease of $19 million from the budget estimate.
- The increase from 2011-12 is related mainly to higher ACFA borrowing, to facilitate higher lending to municipalities, which generates offsetting interest revenue for the government, and to increased P3 financing costs for ring road and school projects. The decrease from budget is due primarily to lower-than-expected interest rates.
- Sufficient funds were set aside in the Debt Retirement Account (DRA) to repay the outstanding accumulated debt as it matured. At March 31, 2013, only $239 million of accumulated debt remained. The new *Fiscal Management Act* repeals the *Fiscal Responsibility Act* and the DRA as of April 1, 2013. The remaining assets and accumulated debt will be reported in other financial assets and other financial liabilities for the 2013-14 Balance Sheet.

Accumulated Debt (at March 31)

(millions of dollars)

	2013	2012
Accumulated debt at start of year	489	828
Repayment of debt maturities	(250)	(339)
Accumulated debt at end of year	239	489
Less Debt Retirement Account	249	503
Accumulated Debt less Debt Retirement Account	(10)	(14)

PENSION PROVISIONS

- Public sector pension plan liabilities increased by $296 million, to $10.9 billion at March 31, 2013. The increase was mainly due to reductions in the discount rates used to calculate the liabilities of several plans. The discount rates reflect expected rates of return on pension plan investments.
- Liabilities for pre-1992 obligations account for 83% of the government obligation, with the pre-1992 Teachers' Pension Plan unfunded liability accounting for 74%.
- For the purposes of the *Fiscal Responsibility Act*, the annual, non-cash change in pension liabilities is excluded from expense and fiscal framework rules.

Pension Liabilities (at March 31)

Government obligations for pension plan liabilities

(millions of dollars)

	2013	2012
Teachers' Pension Plans		
– Pre-1992 unfunded liability	8,014	7,916
– Post-1992 unfunded liability	560	503
Public Service Management (Closed)	583	614
Universities Academic	328	315
Local Authorities	494	450
Public Service Management (Supplementary)	56	53
Special Forces	123	129
Members of the Legislative Assembly	45	45
Public Service	260	176
Management Employees	139	129
Provincial Judges and Masters in Chambers	6	-
Supplementary Executive Retirement Plans	-	3
Pension Liabilities (without SUCH)	10,598	10,333
SUCH - Universities Acad./Supp. retirement	254	223
Total Pension Liabilities	10,852	10,556

2012–13 Ministry Expense by Function

(Fiscal Plan basis, millions of dollars)

	Health	Education	Social Services	Agriculture, Resource Management and Economic Development	Transportation, Communications and Utilities	Protection of Persons and Property	Regional Planning and Development	Housing	Recreation and Culture	Environment	General Government	Debt Servicing Costs	Total Expense
Investing in Families and Communities													
Culture				26					223				**249**
Health	16,054		459										**16,512**
Human Services	1	229	3,871	48		78							**4,227**
Justice and Solicitor General			120	21		1,146			3				**1,291**
Municipal Affairs			66			82	952	158	32		53	14	**1,357**
Tourism, Parks and Recreation				72					110				**183**
Securing Alberta's Economic Future													
Education		6,486										26	**6,512**
Enterprise and Advanced Education	33	2,582		314		1	6						**2,936**
Infrastructure	441	3		2	4	-		30		37	553		**1,069**
Service Alberta						88					216		**304**
Transportation					1,905	30				2		62	**1,998**
Treasury Board and Finance		7	114	113		40	1		8		1,159	343	**1,785**
Advancing World-leading Resource Stewardship													
Aboriginal Relations							153						**153**
Agriculture and Rural Development				1,168								67	**1,235**
Energy				427	36		2			13	57		**535**
Environment and Sustainable Resource Development				220		341				338			**899**
International and Intergovernmental Relations				18							10		**28**
Other													
Executive Council											42		**42**
Legislative Assembly			10								111		**121**
Total Expense	**16,529**	**9,306**	**4,641**	**2,430**	**1,945**	**1,805**	**1,113**	**188**	**377**	**389**	**2,201**	**512**	**41,435**

TOTAL REVENUE

- Total 2012-13 revenue on the **Fiscal Plan basis** was $38.6 billion, $1 billion lower than 2011-12 and $1.8 billion lower than budget.
- The **decrease from 2011-12** was due mainly to lower bitumen, crude oil and natural gas royalties, and Crown land lease sales, partially offset by higher tax revenue and investment income.
- **The decrease from budget** was due mainly to lower bitumen, crude oil and natural gas royalties, and Crown land lease sales, partially offset by higher investment income, and increased revenue from taxes, gaming, premiums, fees and licences, land sales and investment management charges.
- On the **Consolidated Financial Statements basis**, total revenue was $42.4 billion, $1 billion lower than in 2011-12.

NON-RENEWABLE RESOURCE REVENUE

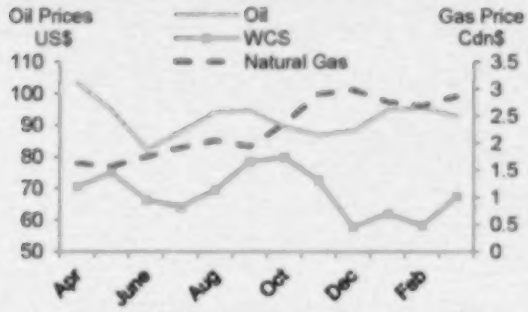
- Non-renewable resource revenue was $7.6 billion. This was $4 billion lower than in 2011-12 and $3.6 billion lower than estimated in *Budget 2012*.
- Global economic growth prospects were erratic, with generally positive developments dampened by negative news or events. Uncertainty over US and European fiscal situations, and deceleration of developing nations' growth, dragged commodity prices down. The spread between the North Sea Brent oil price and the North American WTI price was also wider than expected, increasing costs of diluents (priced off Brent) used by bitumen producers to transport bitumen. In addition, prices for Alberta oil production suffered severely from a wider discount relative to WTI, caused by a rapid rise in North American production and insufficient pipeline access.
- The WTI oil price averaged US$92.07 per barrel, $5.26 lower than 2011-12 and $7.18 lower than the budget estimate. Bitumen prices were also lower, averaging Cdn$68.48 per barrel, $14.80 lower than the budget estimate.
- As a result of both lower global prices and the additional discount for Alberta oil, bitumen royalties of $3.6 billion were $2.1 billion lower than budget and $1 billion lower than 2011-12. Conventional oil royalties were $219 million lower than estimated in *Budget 2012* and $403 million lower than 2011-12, due to lower oil prices.
- Natural gas and by-product royalties were $268 million lower than estimated in budget and $350 million lower than in 2011-12. Natural gas prices remained weak due to strong growth in US shale gas production and low demand growth. The Alberta Reference Price was $2.28, $0.72 lower than budget and $0.70 lower than in 2011-12.
- Crown land lease sales revenue was $1.1 billion, a decrease of $1 billion from budget and $2.2 billion from 2011-12, due to lower prices per hectare and number of hectares sold, and to relatively high revenue in 2011-12. Low industry cash flow and economic uncertainty deterred investment.

Revenue [a]

(millions of dollars)	2012-13		2011-12	Change from	
FISCAL PLAN BASIS (*Fiscal Responsibility Act*)	**Budget**	**Actual**	**Actual**	**Budget**	**2011-12 Actual**
Personal income tax	9,314	**9,621**	8,563	307	1,058
Corporate income tax	4,596	**4,756**	3,678	160	1,078
Other taxes	4,106	**4,121**	3,901	15	220
Non-renewable resource revenue	11,198	**7,622**	11,636	(3,576)	(4,014)
Transfers from Government of Canada	4,915	**4,799**	4,777	(116)	22
Investment income	1,794	**2,493**	2,059	699	434
Net income from commercial operations	2,279	**2,485**	2,393	206	92
Premiums, fees and licences	1,391	**1,525**	1,397	134	128
Other	795	**1,171**	1,139	376	32
Total Revenue	40,388	**38,593**	39,543	(1,795)	(950)
RECONCILIATION TO CONSOLIDATED FINANCIAL STATEMENTS BASIS					
SUCH sector/Alberta Innovates/deferred capital contributions	n.a.	**3,793**	3,853	n.a.	(60)
Total Revenue (Consolidated Financial Statements basis)	n.a.	**42,386**	43,396	n.a.	(1,010)

[a] More detailed information on revenue is provided in the Backgrounder Tables accompanying the News Release and in Schedule 1 (page 52) of the Consolidated Financial Statements.

Oil and Natural Gas Prices 2012-13

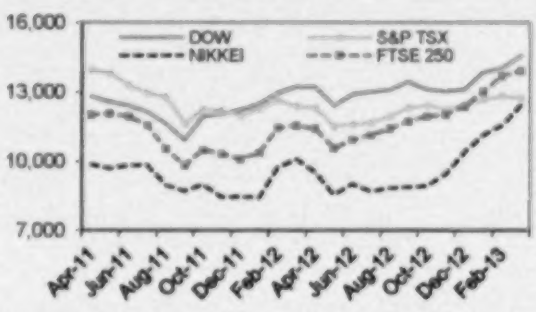


- The exchange rate averaged US¢99.9/Cdn$ in 2012-13, 1.3 cents higher than the *Budget 2012* estimate. A higher rate decreases royalty revenue.

TAX REVENUE

- Total tax revenue was $18.5 billion, an increase of $482 million from the *Budget 2012* estimate and $2.4 billion higher than in 2011-12.
- Personal income tax revenue was $9.6 billion, an increase of $307 million from the budget estimate and $1.1 billion from 2011-12, due mainly to strong population and income growth, and to higher-than-expected 2011 tax year assessments. The higher 2011 assessments means revenue reported for 2010-11 and 2011-12 was underestimated, elevating the base used to forecast 2012-13 revenue and requiring a positive prior years' adjustment of $163 million.
- Corporate income tax revenue was $4.8 billion, an increase of $160 million from the budget estimate and $1.1 billion from 2011-12. Cash instalment payments from corporations were higher than expected despite the energy sector's weakness, mainly due to a one-time impact of federal tax changes and solid growth in housing and construction sectors.
- Other tax revenue was $4.1 billion, an increase of $220 million from 2011-12 and $15 million from budget. Higher revenue from property, insurance and fuel taxes was partly offset by lower freehold mineral rights tax revenue.

Global Equity Markets 2011-13



TRANSFERS FROM GOVERNMENT OF CANADA

- $4.8 billion, a decrease of $116 million from budget but $22 million higher than 2011-12. The decrease from budget was mainly due to lower agriculture support and re-profiling of cost-shared capital projects. The increase from 2011-12 was mainly due to expected increases in health and social transfers, offset by the winding down of job training and infrastructure programs.

INVESTMENT INCOME

- Investment income was $2.5 billion, $699 million higher than budget and $434 million higher than 2011-12. Heritage and endowment fund income was boosted by strong returns in global equity markets in the second half of the fiscal year. Withdrawals from the Sustainability Fund, to fund the deficit, resulted in realized gains as fixed income assets increase in value when interest rates decline relative to rates the assets were issued at.

OTHER REVENUE

- Other revenue was $5.2 billion, an increase of $716 million from the budget and $252 million from 2011-12, primarily from the impact of population growth on volume-driven fees, gaming, liquor and ATB activity, and higher land sales and investment management fees. The increase from 2011-12 was muted by unusually high recoveries of prior-year expense accruals in 2011-12.

Energy Prices and Exchange Rates

Fiscal year averages, 2000-01 to 2012-13

	00-01	01-02	02-03	03-04	04-05	05-06	06-07	07-08	08-09	09-10	10-11	11-12	12-13
Oil Price (WTI US$/bbl)	30.20	24.13	29.04	31.38	45.03	59.94	64.89	82.25	85.94	70.71	83.38	97.33	92.07
WCS @ Hardisty (Cdn$/bbl)	-	-	-	-	-	44.35	52.84	59.30	74.36	66.08	66.70	80.72	68.48
Natural Gas Price (Cdn$/GJ)	5.76	3.57	4.72	5.45	6.05	8.29	5.94	5.92	6.97	3.58	3.28	2.96	2.28
Exchange rate (US¢/Cdn$)	66.5	63.9	64.6	74.0	78.4	83.9	87.9	97.1	89.6	91.9	98.4	100.7	99.9

NET FINANCIAL AND CAPITAL ASSETS

At March 31, 2013, on the **Fiscal Plan basis**, Government of Alberta financial and capital assets exceeded liabilities by $44.2 billion.

This was $2.8 billion lower than March 31, 2012. A reduction of $2.9 billion in net financial assets, mainly due to Sustainability Fund withdrawals for the deficit and capital spending cash requirements, and an increase of $1.1 billion in net liabilities, mainly due to borrowing for the Capital Plan, are offset by a net $1.2 billion increase in capital assets.

FINANCIAL ASSETS

$48.4 billion at March 31, 2013.

- **Heritage Fund.** $14.8 billion book value, an increase of $161 million from March 31, 2012, resulting from inflation-proofing.
- **Sustainability Fund.** $3.3 billion, a decrease of $4.2 billion from March 31, 2012. Additional cash of $256 million from the improved 2012-13 fourth quarter results, reported in "other financial assets" at March 31, 2013, will be deposited into the renamed Contingency Account in 2013-14, bringing the Account balance to $3.6 billion.
- **Endowment and other funds.** $3.4 billion, a $79 million increase from March 31, 2012, mainly from stronger-than-expected income. Includes the three endowment funds, Cancer Prevention Legacy Fund and Alberta Enterprise Corporation.
- **Self-supporting lending organizations.** $16 billion in financial assets of Alberta Capital Finance Authority and Agriculture Financial Services Corporation. These assets more than offset the liabilities of these organizations.
- **Equity in commercial enterprises.** $3 billion, primarily equity in Alberta Treasury Branches.
- **Debt Retirement Account.** $249 million. The new *Fiscal Management Act* eliminated this Account, and its assets will be included in "other financial assets" as of April 1, 2013.
- **Capital Plan Financing Account.** $902 million. $925 million was borrowed in 2012-13 for the Capital Plan, and $23 million was invested in the Highway 63 twinning project. The remaining funds will be used for 2013-14 capital spending.
- **Other financial assets.** $6.7 billion. This includes the $256 million that will be deposited in the Contingency Account after March 31, 2013. The remaining $6.5 billion represents accounts and interest receivable, natural gas royalty deposits, student loans and cash associated with future liabilities such as corporate income tax refunds.

LIABILITIES

$25.7 billion at March 31, 2012.

- **Accumulated debt.** $239 million. The new *Fiscal Management Act* does not contain a reference to "accumulated debt." The liabilities will be included in "other financial liabilities" as of April 1, 2013.
- **Self-supporting lending organizations.** $14.7 billion in liabilities of Alberta Capital Finance Authority and Agriculture Financial Services Corporation are more than offset by their $16 billion in financial assets.
- **Liabilities for capital projects.** $4.6 billion, a $1.2 billion increase from March 31, 2012, due to the addition of $255 million in P3 project liabilities and $925 million in direct borrowing, less $28 million in repayment of principal.
- **Accounts and interest payable and other liabilities.** $6.1 billion. Includes natural gas royalty and security deposits, unearned revenue and trade payable and liabilities. There is an offsetting relationship between some of these liabilities and "other financial assets."

CONSOLIDATED FINANCIAL STATEMENTS BASIS

At March 31, 2013, on the **Consolidated Financial Statements basis,** net assets were $54 billion. The broader basis includes the addition of:

- $7.9 billion in **financial assets,** and $20.2 billion in **capital assets**, of SUCH sector entities and Alberta Innovates corporations;
- $5.1 billion in **liabilities** of SUCH sector entities and Alberta Innovates corporations;
- $10.9 billion in **pension liabilities**;
- $2.4 billion in **deferred capital contributions** (see page 20 for more information on the accounting change for transfers received for capital purposes).

Balance Sheet (millions of dollars)	at March 31 2013 Actual	2012 Actual	Change from 2011
Financial Assets			
Heritage Fund equity	**14,813**	14,652	161
Alberta Sustainability Fund	**3,326**	7,497	(4,171)
Endowment and other funds	**3,363**	3,284	79
Self-supporting lending organizations:			
Alberta Capital Finance Authority	**12,662**	11,316	1,346
Agriculture Financial Services Corporation	**3,317**	3,154	163
Equity in commercial enterprises	**2,986**	2,737	249
Debt Retirement Account	**249**	503	(254)
Capital Plan Financing Account	**902**	-	902
Other financial assets	**6,735**	8,118	(1,383)
Total Financial Assets	**48,353**	51,261	(2,908)
Liabilities			
Accumulated debt	**239**	489	(250)
Self-supporting lending organizations:			
Alberta Capital Finance Authority	**12,662**	11,316	1,346
Agriculture Financial Services Corporation	**2,045**	1,903	142
Liabilities for capital projects	**4,594**	3,442	1,152
Accounts and interest payable and other liabilities	**6,140**	7,383	(1,243)
Liabilities	**25,680**	24,533	1,147
Net Financial Assets (total financial assets less liabilities)	**22,673**	26,728	(4,055)
Capital Assets	**21,555**	20,342	1,213
Net Assets on Fiscal Plan basis (net financial assets plus capital assets)	**44,228**	47,070	(2,842)
RECONCILIATION TO CONSOLIDATED FINANCIAL STATEMENTS BASIS			
SUCH sector / Alberta Innovates corporations financial assets	**7,920**	7,144	776
SUCH sector / Alberta Innovates corporations capital assets	**20,225**	19,780	445
SUCH sector / Alberta Innovates corporations liabilities	**(5,137)**	(4,325)	(812)
Pension liabilities	**(10,852)**	(10,556)	(296)
Deferred capital contributions[a]	**(2,412)**	-	(2,412)
	9,744	12,043	4,445
Net Assets on Consolidated Financial Statements basis[b]	**53,972**	59,113	(5,141)

[a] Accounting policy for recognizing transfers received for capital purposes changed effective April 1, 2012, requiring an opening balance reclassification from net assets to deferred capital contributions (DCC) of $2 billion. In 2012-13, $0.6 billion in cash was received, spent, but reported as an increase to DCC, rather than in revenue, and $0.2 billion in previously-received transfers was removed from DCC and reported as revenue. As a result, DCC increased by a net $2.4 billion. More details are in the following "Fiscal Plan to Consolidated Financial Statements" section, Note 1, page 34 and Schedule 12, page 66.

[b] The change in Net Assets from 2011-12 of $5.1 billion differs from the $3.1 billion CFS deficit by the $2 billion opening net assets adjustment.

FISCAL PLAN TO CONSOLIDATED FINANCIAL STATEMENTS REPORTING RECONCILIATION

The audited **Consolidated Financial Statements** in the Annual Report follow Canadian public sector accounting standards. While not required to, the **Fiscal Plan** documents, including the budget, generally follow the standards. There are several reporting differences. The Fiscal Plan basis:

- excludes change in valuation of pension liabilities;
- does not consolidate SUCH sector entities or Alberta Innovates corporations;
- does not defer recognition of revenue transferred for capital purposes, but reports it as it is spent.

Since the early 1990s, the **change in pension liabilities** has been excluded from expense for the Fiscal Plan basis. It is typically a significant non-cash expense, is based on actuarial evaluations, assumptions and investment returns, and is largely not subject to policy decision-making.

Only the grants provided to **Crown-controlled SUCH sector entities** (school boards, universities and colleges, and health entities) are included in expense for the Fiscal Plan basis. This is currently considered most appropriate for budgeting as it is more relevant to decision-makers, who determine the amount of

grants and are evaluated for balancing the budget on this basis. The SUCH sector entities have varying degrees of autonomy to manage their budgets, once they receive the grants, to manage their assets and liabilities, and to raise some revenue themselves.

For the Consolidated Financial Statements basis, the SUCH sector has been included in government reporting since 2005-06. The broader reporting scope is relevant for the Consolidated Financial Statements since these entities are determined to be "controlled," and how they spend the grants provided, their results of operations and their overall net value are important for transparency and accountability purposes.

Beginning in 2009-10, the SUCH sector has been reported in the Consolidated Financial Statements on a **"line-by-line" basis**. This means:

- First, capital grants provided to the SUCH sector, included in expense on the Fiscal Plan basis, are removed from expense, and become capital investment in "government-owned assets." The costs of acquisition are expensed over time as the assets depreciate (amortization expense).
- Second, the SUCH sector amortization of capital assets expense is added to expense.
- Third, government revenue is adjusted to "deferred capital contributions" accounting treatment.
- Finally, revenue, non-amortization expense, assets and liabilities, including deferred capital contributions, are directly added to government revenue, expense, assets and liabilities.

Also starting in 2009-10, the four **Alberta Innovates corporations** were excluded from the government reporting entity for Fiscal Plan purposes, to improve flexibility for multi-year research-grant recipients. The financial results are included on the line-by-line basis in the Consolidated Financial Statements.

Effective April 1, 2012, the government changed its accounting policy for recording **transfers received for capital purposes and donated capital assets**. Rather than being recorded as revenue when the cash is used for capital asset acquisition or the asset donated, a **"deferred capital contribution"** is recorded, similar to a liability, when cash or asset is received, and revenue is recognized over the related asset's useful life. The Fiscal Plan basis will continue to record these as revenue when cash is spent or the asset is donated.

An explanation of the differences between the Fiscal Plan and Consolidated Financial Statements follows.

INCOME STATEMENT

Revenue

- On the Fiscal Plan basis, total 2012-13 revenue was $38.6 billion. The SUCH sector and Alberta Innovates corporations had additional "own-source" revenue of $3.9 billion, including:
  - $1 billion in post-secondary tuition fees;
  - $0.8 billion in donations, gifts and fundraising;
  - $0.6 billion in sales, rentals and fees, consisting of revenue from parking operations, book stores, food services, facility rentals, equipment sales, professional services and various other sources;
  - $0.6 billion in fees, mainly in the health sector, such as from WCB, non-Alberta patients or Emergency Medical Services, and school boards;
  - $0.4 billion in direct federal government transfers for advanced education and First Nation education programs;
  - $0.2 billion of opted-out school board property tax revenue;
  - $0.2 billion of investment income;
  - $0.1 billion of Alberta Innovates revenue.
- Adding this revenue, and adjusting Fiscal Plan revenue for "deferred capital contributions" (a net decrease of $0.1 billion), the Consolidated Financial Statements total revenue is $42.4 billion.

Expense

- On the Fiscal Plan basis, total 2012-13 expense was $41.4 billion.
- This includes capital grants provided to the SUCH sector, which ultimately become capital investment. As noted, this expense must be removed and instead amortization expense of SUCH capital assets added. Total 2012-13 SUCH amortization and inventory consumption expense exceeded capital grants by nearly $1 billion.
- In 2012-13 the SUCH sector and Alberta Innovates corporations had additional net expense of $2.8 billion. This reflects the spending of their own-source revenue, for example, on education services, the costs of goods sold or services provided for fees.
- Pension provisions of $0.3 billion are added.
- Adding these increases, Consolidated Financial Statements total expense is $45.5 billion.

Surplus / (Deficit)

- On the Fiscal Plan basis, the 2012-13 deficit was $2.8 billion. After adding the additional net revenue and expense, the Consolidated Financial Statements basis deficit was $3.1 billion.

BALANCE SHEET

Assets

- On the Fiscal Plan basis, at March 31, 2013, the Government of Alberta had total financial assets of $48.4 billion and capital assets of $21.6 billion.
- SUCH sector and Alberta Innovates corporations had additional financial assets of $7.9 billion, and additional capital assets of $20.2 billion, consisting mainly of buildings.
- Adding these financial and capital assets, on the Consolidated Financial Statements basis, at March 31, 2013, the Government of Alberta had total financial assets of $56.3 billion and capital assets of $41.8 billion.

Liabilities

- On the Fiscal Plan basis, at March 31, 2013, the Government of Alberta had total liabilities of $25.7 billion.
- SUCH sector and Alberta Innovates corporations had additional liabilities of $5.1 billion, mainly accounts payable.
- Pension liabilities amounted to $10.9 billion at March 31, 2013.
- An adjustment of $2 billion for the defered capital contribution accounting policy change, and a net increase of $0.4 billion in 2012-13, decrease net assets by $2.4 billion.
- After adjusting for the different accounting policy for capital transfers, and adding these liabilities, on the Consolidated Financial Statements basis, at March 31, 2013, the Government of Alberta had total liabilities and deferred capital contributions of $44.1 billion.

Reconciliation Summary

INCOME STATEMENT

(billions of dollars)

	2012-13	2011-12
Revenue – Fiscal Plan basis (*Fiscal Responsibility Act*)	**38.6**	39.5
Adjustment for deferred capital contributions	**(0.1)**	0.0
Add: SUCH/Alberta Innovates own-source revenue	**3.9**	3.9
Revenue – Consolidated Financial Statements basis	**42.4**	43.4
Expense – Fiscal Plan basis (*Fiscal Responsibility Act*)	**41.4**	39.6
Adjustment for capital spending	**1.0**	1.1
Add: SUCH/Alberta Innovates corporations net expense	**2.8**	2.2
Add: pension provisions	**0.3**	0.6
Expense – Consolidated Financial Statements basis	**45.5**	43.5
Surplus/(Deficit) – Consolidated Financial Statements basis	**(3.1)**	(0.1)

BALANCE SHEET

(billions of dollars)

	at March 31	
	2013	2012
Financial Assets – Fiscal Plan basis (*Fiscal Responsibility Act*)	**48.4**	51.3
Add: SUCH/Alberta Innovates corporations financial assets	**7.9**	7.1
Financial Assets – Consolidated Financial Statements basis	**56.3**	58.4
Capital Assets – Fiscal Plan basis (*Fiscal Responsibility Act*)	**21.6**	20.3
Add: SUCH/Alberta Innovates corporations capital assets	**20.2**	19.8
Capital Assets – Consolidated Financial Statements basis	**41.8**	40.1
Liabilities – Fiscal Plan basis (*Fiscal Responsibility Act*)	**(25.7)**	(24.5)
Add: SUCH/Alberta Innovates corporations liabilities	**(5.1)**	(4.3)
Add: pension liabilities	**(10.9)**	(10.6)
Liabilities – Consolidated Financial Statements basis	**(41.7)**	(39.4)
Deferred capital contributions	**(2.4)**	-
Net Assets – Consolidated Financial Statements basis	**54.0**	59.1

Historical Fiscal Summary, 1994-95 to 2012-13[a]

(Fiscal Plan basis,[b] millions of dollars)

	1994-95	1995-96	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
Income Statement																			
Revenue																			
1 Personal income tax[c]	3,063	3,177	3,445	3,877	4,601	5,100	3,943	4,183	4,834	4,613	4,649	4,677	7,622	8,271	8,708	7,877	7,631	8,563	9,621
2 Corporate income tax	1,073	1,332	1,407	1,849	1,659	1,255	2,023	2,229	2,019	1,696	2,364	2,917	3,606	4,695	4,252	4,754	3,334	3,678	4,756
3 Education property tax	1,196	1,205	1,169	1,212	1,118	1,128	1,151	1,094	1,113	1,178	1,247	1,283	1,330	1,393	1,466	1,532	1,589	1,660	1,776
4 Other tax revenue	1,126	1,112	1,157	1,218	1,178	1,241	1,386	1,469	1,633	1,838	1,918	1,990	2,138	2,180	2,175	2,029	2,040	2,241	2,345
5 Resource revenue	3,378	2,786	4,034	3,778	2,368	4,650	10,586	6,227	7,130	7,676	9,744	14,347	12,260	11,024	11,915	6,768	8,428	11,636	7,622
6 Investment income	1,567	1,724	1,616	1,747	1,610	1,906	1,353	788	(462)	1,838	1,812	2,348	3,013	2,414	(1,917)	3,413	2,360	2,059	2,493
7 Other own-source revenue	2,832	2,431	2,473	2,890	2,950	3,183	3,272	3,672	4,321	4,122	4,375	4,588	4,971	5,144	5,027	4,344	4,627	4,929	5,181
8 Total own-source revenue	14,235	13,767	15,301	16,571	15,484	18,463	23,714	19,662	20,588	22,961	26,109	32,150	34,940	35,121	31,626	30,717	30,009	34,766	33,794
9 Federal transfers	1,929	1,748	1,351	1,183	1,335	1,640	1,813	2,264	2,074	2,926	3,219	3,392	3,077	3,048	4,185	4,941	5,025	4,777	4,799
10 **Total Revenue**	16,164	15,515	16,652	17,754	16,819	20,103	25,527	21,926	22,662	25,887	29,328	35,542	38,017	38,169	35,811	35,658	35,034	39,543	38,593
Expense by Function[d]																			
11 Health	3,928	3,773	4,006	4,401	4,660	5,341	5,946	6,846	6,917	7,646	9,059	9,709	10,880	12,286	13,107	13,180	15,034	15,562	16,529
12 Basic / advanced education	3,756	3,713	3,738	4,081	4,241	4,735	5,040	6,099	5,461	5,854	6,370	6,900	7,817	8,886	9,411	9,538	9,276	9,271	9,306
13 Social services	1,495	1,456	1,511	1,564	1,560	1,668	1,790	1,942	2,108	2,272	2,438	2,707	2,879	3,117	3,418	3,807	4,130	4,278	4,641
14 Other program expense	4,301	3,739	3,446	3,727	3,885	4,612	5,200	5,184	5,567	5,708	5,984	7,427	7,716	9,085	10,519	9,802	9,532	9,956	10,447
15 Total program expense	13,480	12,681	12,701	13,773	14,346	16,356	17,976	20,071	20,053	21,480	23,851	26,743	29,292	33,374	36,455	36,327	37,972	38,944	40,923
16 Debt servicing costs[e]	1,746	1,683	1,462	1,322	1,379	956	980	774	476	271	302	248	215	214	208	363	472	499	512
17 **Total Expense**	15,226	14,364	14,163	15,095	15,725	17,312	18,956	20,845	20,529	21,751	24,153	26,991	29,507	33,588	36,663	36,690	38,444	39,566	41,435
18 **Surplus / (Deficit)**	938	1,151	2,489	2,659	1,094	2,791	6,571	1,081	2,133	4,136	5,175	8,551	8,510	4,581	(852)	(1,032)	(3,410)	(23)	(2,842)
19 **Capital Plan**[f]	891	939	821	1,310	1,256	1,878	2,091	2,860	997	1,659	2,842	3,743	4,769	6,971	7,593	6,528	5,889	5,871	5,228
Balance Sheet (at March 31)																			
20 Net Financial Assets (Debt)	(7,355)	(6,255)	(3,728)	(1,089)	(63)	2,654	9,042	9,814	11,696	15,607	20,395	28,318	36,047	39,410	36,954	33,017	28,114	26,728	22,690
21 Capital Assets	7,669	7,411	7,292	7,215	7,218	7,259	8,002	10,141	10,309	10,534	10,921	11,552	12,429	14,140	15,848	17,532	18,975	20,342	21,555
22 **Net Assets / (Debt)**	314	1,156	3,564	6,126	7,155	9,913	17,044	19,955	22,005	26,141	31,316	39,870	48,476	53,550	52,802	50,549	47,089	47,070	44,228
23 Accumulated Debt[g]	21,451	20,531	17,733	14,978	14,108	12,020	8,195	5,261	4,736	3,730	—	—	—	—	—	—	—	—	—
24 Sustainability Fund assets[h]									—	2,500	3,498	4,083	7,653	7,653	9,848	14,983	11,192	7,497	3,326
25 Capital Account assets[h]									910	1,180	674	4,243	6,091	7,472	6,974	—	—	—	—
26 Pension liabilities	5,352	5,352	4,981	4,890	4,813	4,728	4,742	4,771	4,927	5,059	5,235	5,435	5,593	7,883	10,081	9,279	9,716	10,333	10,598

[a] Numbers have been restated on 2012-13 basis where possible. Beginning in 2012-13, transfers made through the tax system (Alberta Family Employment and Scientific Research and Experimental Development tax credits) are no longer netted against revenue. In addition, the allowance for doubtful accounts for corporate income tax revenue that was previously netted off revenue is being reported in expense. These increase both revenue and expense by the same amount. 2011-12 numbers have been restated by $294 million.

[b] The Fiscal Plan basis excludes revenue, expense, assets and liabilities of Crown-controlled SUCH sector entities and Alberta Innovates corporations, pension liabilities and the expense related to the annual change in pension liabilities.

[c] The costs of the Alberta energy tax refund ($345 million in 2000-01, $320 million in 2001-02) and the 2005 Resource Rebate ($1.3 billion in 2005-06) were netted against personal income tax.

[d] Excludes change in pension liabilities. Beginning in 1996-97, valuation adjustments are allocated by function rather than included in other program expense.

[e] Beginning in 2011-12, Alberta Capital Finance Authority debt charges are included in debt servicing costs rather than program expense. Numbers for 2009-10 and 2010-11 have been restated.

[f] Reflects capital grants and other support included in expense, and capital investment in government-owned assets not included in expense. Capital investment adds to capital assets, which are depreciated over time through amortization expense.

[g] Net of cash set aside for debt repayment. In 2001-02, the amount of $5,261 million includes commitment of $414 million to debt retirement from higher-than-expected year-end surplus, which was transferred in 2002-03 from other assets. The new *Fiscal Management Act* replaced the *Fiscal Responsibility Act* on April 1, 2013, and removed the reference and definition of "accumulated debt" and the Debt Retirement Account (DRA). On March 31, 2013, $239 million of accumulated debt remained, offset by $249 million in the DRA.

[h] *The Capital Account was consolidated with the Sustainability Fund in 2009-10.*

CONSOLIDATED FINANCIAL STATEMENTS

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Consolidated Financial Statements of the Province of Alberta

Year Ended March 31, 2013

INTRODUCTION

The financial statements of the Government of Alberta are a consolidation of ministry financial statements, which themselves are a consolidation of the financial statements of departments, regulated funds, provincial agencies, Crown-controlled corporations and SUCH sector organizations, for which separate or summary financial statements are presented in ministry annual reports. SUCH is an acronym for schools, universities, colleges and hospitals. However, the term "Crown-controlled SUCH sector organizations" is used to describe a much broader list of organizations, including school boards, technical institutes, Alberta Health Services, and other health entities. A listing of these organizations is provided in Schedule 14 of the financial statements.

The method of consolidation is described in the Accounting Policies note (Note 1) that forms part of the financial statements.

Management Responsibility for the Consolidated Financial Statements

The consolidated financial statements are prepared by the Controller under the general direction of the Deputy Minister of Treasury Board and Finance as authorized by the President of Treasury Board and Minister of Finance pursuant to the *Financial Administration Act*. The consolidated financial statements are prepared in accordance with Canadian public sector accounting standards, and of necessity include some amounts that are based on estimates and judgements. As required by the *Government Accountability Act*, the consolidated financial statements are included in the consolidated annual report of the Government of Alberta that forms part of the Public Accounts.

To fulfill its accounting and reporting responsibilities, management maintains systems of financial management and internal control which give consideration to costs, benefits and risks, and which are designed to:

- provide reasonable assurance that transactions are properly authorized, executed in accordance with prescribed legislation and regulations, and properly recorded so as to maintain accountability for public money, and
- safeguard the assets and properties of the Province of Alberta under government administration.

Under the *Financial Administration Act*, deputy heads are responsible for the collection of revenue payable to the Crown, and for making and controlling disbursements with respect to their departments. They are also responsible for prescribing the accounting systems to be used in their departments. In order to meet government accounting and reporting requirements, the Controller obtains information relating to departments, regulated funds, provincial agencies, Crown-controlled corporations, schools, universities, colleges, technical institutes, Alberta Health Services and other health entities from ministries as necessary.

The consolidated financial statements are reviewed by the Provincial Audit Committee established under the *Auditor General Act*. The Provincial Audit Committee advises the Lieutenant Governor in Council on the scope and results of the Auditor General's audit of the consolidated financial statements of the Province.

The Auditor General of Alberta provides an independent opinion on the consolidated financial statements prepared by the government. The duties of the Auditor General in that respect are contained in the *Auditor General Act*.

Annually, the consolidated annual report is tabled in the Legislature as a part of the Public Accounts and is referred to the Standing Committee on Public Accounts of the Legislative Assembly.

Approved by:

Annette Trimbee
Deputy Minister of Treasury Board and Finance

Darwin Bozek, CGA
Controller

Edmonton, Alberta

June 19, 2013

Independent Auditor's Report

AUDITOR GENERAL *Alberta*

To the Members of the Legislative Assembly

Report on the Consolidated Financial Statements

I have audited the accompanying consolidated financial statements of the Province of Alberta which comprise the consolidated statement of financial position as at March 31, 2013, and the consolidated statements of operations, change in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these consolidated financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Province of Alberta as at March 31, 2013, and the results of its operations, changes in its net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

[Original signed by Merwan N. Saher, FCA]

Auditor General

June 19, 2013

Edmonton, Alberta

CONSOLIDATED STATEMENT OF OPERATIONS

Year Ended March 31

	2013	2012
	In millions	
Revenues (Schedule 1)		
Income taxes	$ 14,376	$ 12,071
Other taxes	4,333	4,099
Non-renewable resource revenue	7,622	11,636
Transfers from Government of Canada	5,042	5,192
Net income from government business enterprises (Schedule 6)	2,487	2,393
Net investment income	2,595	2,168
Premiums, fees and licences	2,147	1,942
Other	3,784	3,724
	42,386	43,225
Expenses by function (Schedules 2 and 3)		
Health	17,254	16,284
Education	12,394	11,951
Social services	4,641	4,164
Transportation, communications and utilities	1,945	1,970
Agriculture, resource management and economic development	2,352	1,830
Protection of persons and property	1,805	1,866
Regional planning and development	1,113	1,109
Recreation and culture	377	366
Housing	188	285
Environment	389	318
General government	2,201	2,053
Debt servicing costs	530	509
Pension provisions (Schedule 10)	296	634
	45,485	43,339
Annual deficit	(3,099)	(114)
Net assets at beginning of year	59,113	59,260
Adjustments to net assets (Note 12)	(2,042)	(33)
Net assets at end of year	$ 53,972	$ 59,113

The accompanying notes and schedules are part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at March 31

	2013	2012
	In millions	
Financial assets		
Cash and cash equivalents (Schedule 4)	$ 6,398	$ 6,187
Accounts and accrued interest receivable	4,501	4,970
Portfolio investments (Note 11 and Schedule 5)	27,994	31,910
Equity in government business enterprises (Schedule 6)	2,987	2,739
Loans and advances (Schedule 7)	14,190	12,462
Inventories for resale	203	137
	56,273	58,405
Liabilities		
Accounts and accrued interest payable	10,740	11,121
Unmatured debt (Note 6 and Schedule 8)	5,582	4,748
Debt of Alberta Capital Finance Authority (Schedule 9)	12,325	11,045
Pension liabilities (Schedule 10)	10,852	10,556
Liabilities under public private partnerships (Note 7)	2,170	1,944
	41,669	39,414
Net financial assets	14,604	18,991
Non-financial assets		
Tangible capital assets (Schedule 11)	41,469	39,830
Inventories of supplies	142	144
Prepaid expenses	169	148
	41,780	40,122
Net assets before deferred capital contributions	56,384	59,113
Deferred capital contributions (Schedule 12)	(2,412)	-
Net assets	$ 53,972	$ 59,113

Contractual obligations and contingent liabilities (Notes 8 and 9)

Endowment funds (Note 11)

The accompanying notes and schedules are part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS

Year Ended March 31

	2013	2012
	In millions	
Annual deficit	$ (3,099)	$ (114)
Acquisition of tangible capital assets and inventories of supplies	(4,222)	(4,749)
Additions to public private partnerships, capital leases and donated capital	(295)	(298)
Amortization of tangible capital assets and consumption of inventories of supplies	2,721	2,497
Net gain on disposal and write-down of tangible capital assets	73	(15)
Proceeds on sale of tangible capital assets	87	39
Net increase in deferred capital contributions	409	-
Increase in prepaid expenses	(21)	(19)
Change in accumulated unrealized losses (Schedule 6)	(50)	(3)
Net increase in endowments (Note 12)	65	59
Consolidation adjustments relating to SUCH sector	(44)	(53)
Other	(11)	(6)
Decrease in net financial assets	(4,387)	(2,662)
Net financial assets at beginning of year	18,991	21,653
Net financial assets at end of year	$ 14,604	$ 18,991

The accompanying notes and schedules are part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year Ended March 31

	2013	2012
	In millions	
Operating transactions		
Annual deficit	$ (3,099)	$ (114)
Non-cash items		
Amortization of tangible capital assets and consumption of inventories of supplies	2,721	2,497
Other	86	225
	(292)	2,608
Decrease in receivables	448	182
Decrease in payables	(381)	(746)
Other	(24)	(41)
Cash (used in) provided by operating transactions	(249)	2,003
Capital transactions		
Acquisition of tangible capital assets and inventories of supplies	(4,222)	(4,749)
Proceeds on sale of tangible capital assets	87	39
Cash applied to capital transactions	(4,135)	(4,710)
Investing transactions		
Purchase of portfolio investments	(9,210)	(11,402)
Disposals of portfolio investments	14,252	14,734
Loans and advances made	(2,789)	(2,716)
Repayment of loans and advances	293	858
Cash provided by investing transactions	2,546	1,474
Financing transactions		
Debt retirement	(14,829)	(11,637)
Debt issues	16,916	13,022
Repayment of liabilities under capital leases and public private partnerships	(66)	(28)
Other	28	13
Cash provided by financing transactions	2,049	1,370
Increase in cash and cash equivalents	211	137
Cash and cash equivalents at beginning of year	6,187	6,050
Cash and cash equivalents at end of year	$ 6,398	$ 6,187

The accompanying notes and schedules are part of these consolidated financial statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES

These consolidated financial statements are prepared in accordance with Canadian public sector accounting standards.

(a) REPORTING ENTITY

These consolidated financial statements include the accounts of all organizations that are controlled by the Province, including government sector entities and Crown-controlled SUCH sector organizations. SUCH is an acronym for schools, universities, colleges and hospitals. However, the term "Crown-controlled SUCH sector organizations" is used to describe a much broader list of organizations including school boards, technical institutes, Alberta Health Services, and other health entities.

A listing of these organizations is provided in Schedule 14.

(b) METHOD OF CONSOLIDATION

The accounts of government sector entities and Crown-controlled SUCH sector entities, except those designated as government business enterprises, are consolidated using the line-by-line method. Under this method, accounting policies of the consolidated entities are adjusted to conform to government accounting policies and the results of each line item in their financial statements (revenue, expense, assets, and liabilities) are included with the government's results. Revenue, expense, capital, investing and financing transactions, as well as related asset and liability balances between consolidated entities have been eliminated. Asset retirement obligations of the SUCH sector organizations have been included in the Province's financial statements.

Public sector accounting standards allow that when the scope of activities reported in the budget is different from the scope of activities reported in the financial statements, the budget to actual comparison may be done on the same reporting scope as presented in the budget. When there is a difference in the basis of reporting for financial statement purposes and basis for the budget, the budget is revised to conform to the accounting policy used for actual results. These consolidated financial statements are presented on a different scope and basis than the budget. Therefore, there is no "Budget" column on the Consolidated Statement of Operations, the Consolidated Statement of Change in Net Financial Assets, or in other Notes or Schedules throughout the statements. Rather, a comparison between planned results and actual results adjusted for differences in scope and basis is shown in Note 5.

Schools, colleges, technical institutes and some provincial agencies have year ends that are other than March 31. The significant transactions of these organizations that have occurred during the period between their year ends and the Province's year end of March 31, 2013, have been recorded in these financial statements.

The accounts of provincial agencies designated as government business enterprises, such as ATB Financial (see Schedule 6), are accounted for on the modified equity basis, with the equity being computed in accordance with the accounting standards applicable to these entities. Under the modified equity method, the accounting policies of government business enterprises are not adjusted to conform to those of the government sector entities. Inter-sector revenue and expense transactions and related asset and liability balances are not eliminated.

(c) CHANGES IN ACCOUNTING POLICY

In 2012-13 the Province adopted the following two new accounting standards of the Public Sector Accounting Board:

PS 3510 Tax Revenue

Effective April 1, 2012, transfers made through a tax system are recognized as expense rather than a reduction of revenues. Adopted on a prospective basis, the Province reports the Alberta Family Employment Tax Credit and the Scientific Research and Experimental Development Tax Credit on a gross basis. The impact of this change in accounting policy increases total revenue and expense by $179 million with no impact on net operating results.

PS 3410 Government Transfers

Effective April 1, 2012, the Province changed its policy for recording transfers from the Government of Canada for capital purposes and donated assets. Previously, these transfers and donations were recorded as revenue when the tangible capital assets were acquired or constructed. As a result of this policy change, these transfers and donations are recognized as deferred capital contributions and recorded in revenue over the useful life of the tangible capital assets based on relevant stipulations of the transfer taken together with the actions and communications of the Province. This policy has been applied retroactively without restatement of comparatives. An adjustment of $2,003 million has been made to the opening balance of net assets of the current period to reflect the cumulative effect of the change on prior periods.

(d) FUTURE CHANGES IN ACCOUNTING POLICY

PS 3450 Financial Instruments

Items within the scope of the section are assigned to one of two measurement categories: fair value, or cost or amortized cost. Fair value measurement will apply to derivatives and portfolio investments in equity instruments that are quoted in an active market. Also, when groups of financial assets and financial liabilities are managed on a fair value basis they may be reported on that basis. Other financial assets and financial liabilities will generally be measured at cost or amortized cost. Until an item is derecognized, gains and losses arising due to fair value remeasurement will be reported in the Statement of Remeasurement Gains and Losses.

The Province, including ministries and departments, has not yet adopted this standard and has the option of adopting it in fiscal year 2015-16 or earlier. Adoption of this standard requires corresponding adoption of: PS 2601 Foreign Currency Translation, PS 1201 Financial Statement Presentation, and PS 3041 Portfolio Investments in the same fiscal period. The Province is currently analyzing the impact of these standards on its financial statements.

PS 3260 Liability for Contaminated Sites

The Public Sector Accounting Board issued this accounting standard effective for fiscal years starting on or after April 1, 2014. Contaminated sites are a result of contamination being introduced into air, soil, water, or sediment of a chemical, organic, or radioactive material, or live organism that exceeds an environmental standard. The Province will recognize a liability related to the remediation of such contaminated sites subject to certain recognition criteria.

The Province is currently analyzing the impact of this standard on its financial statements.

(e) BASIS OF FINANCIAL REPORTING FOR GOVERNMENT ENTITIES AND CROWN-CONTROLLED SUCH SECTOR ENTITIES

Revenues

All revenues are reported on the accrual basis of accounting. Cash received for which goods or services have not been provided by year end is recorded as unearned revenue and included in accounts payable.

Corporate income tax revenue is recognized when installments are received from taxpayer corporations. Corporate income tax refunds payable are accrued based on the prior year's corporate income tax refunds paid on assessments. Corporate income tax receipts from corporations in anticipation of an upward reassessment of Alberta income tax payable are described as corporate income tax receipts in abeyance and recorded as accounts payable. The Province calculates an allowance for corporate income taxes under objection to reflect the ultimate collectability of these amounts. Corporate income tax receivable is presented net of this allowance.

Personal income tax is recognized on an accrual basis based on an economic estimate of the various components of personal income tax for the fiscal year. Gross personal income tax for the taxation year is a key component of the estimate for the fiscal year.

The provincial tax system is predicated on self-assessment where taxpayers are expected to understand the tax laws and comply with them. This has an impact on the completeness of tax revenues when taxpayers fail to comply with tax laws, for example, if they do not report all of their income. The Province has implemented systems and controls in order to detect and correct situations where taxpayers are not complying with the various Acts it administers. These systems and controls include performing audits of taxpayer records when determined necessary. However, such procedures cannot identify all sources of unreported income or other cases of non-compliance with tax laws. The Province does not estimate the amount of unreported tax.

Non-renewable resource revenue is reported based on royalties on oil and gas produced during the year.

The provincial royalty system is predicated on self-reporting where the petroleum and natural gas industry is expected to understand the relevant energy legislation (statutes and regulations) and comply with them. This has an impact on the completeness of revenue when the petroleum and natural gas industry does not fully meet the legislative requirements, for example, by reporting inaccurate or incomplete production data. The Province has implemented systems and controls in order to detect and correct situations where the petroleum and natural gas industry has not complied with the various Acts and regulations the Province administers. These systems and controls, based on areas of highest risk, include performing audits of the petroleum and natural gas industry records when determined necessary. The Province does not estimate the effect of misreported revenue.

Transfers from the Government of Canada for capital purposes and donated assets are recorded as deferred capital contributions and recorded as revenue over the useful life of the tangible capital assets based on relevant stipulations of the transfer taken together with the actions and communications of the Province.

Expenses

Expenses represent the cost of resources consumed during the year on government operations. Expenses include provisions for amortization of acquired tangible capital assets and expenses incurred in accordance with the terms of approved grant programs. Grants are recognized as expenses when authorized, eligibility criteria, if any, are met, and a reasonable estimate of the amounts can be made.

Pension costs comprise the cost of pension benefits earned by employees during the year, interest on the Province's share of the unfunded pension liabilities, and the amortization over the expected average remaining service life of employees of deferred adjustments arising from experience gains and losses and changes in actuarial assumptions. Schedule 10 provides additional information on the components of pension liabilities.

In the Consolidated Statement of Operations, pension costs of government sector entities which are funded are included in expenses by function and costs which have not been funded are recorded as pension provisions.

Costs arising from obligations under guarantees and indemnities are recorded as expenses when management determines that the Province will likely be called upon to make payment. The expense represents management's best estimate of future payments less recoveries.

The estimated increase or decrease for the year in accrued employee vacation entitlements is recorded in the appropriate expense function.

Financial Assets

Financial assets are the government's financial claims on external organizations and individuals, and inventories for resale at the year end.

Cash includes deposits in banks and cash in transit. Cash equivalents include directly held interest bearing securities with terms to maturity of primarily less than three months.

Portfolio investments authorized by legislation to provide income for the long term or for other special purposes are recorded at cost. Cost includes amortization of discount or premium using the straight line method over the life of the investments. Realized gains and losses on disposals of these investments are included in calculating the net operating results for the year. If an investment loses value that is other than a temporary decline, its recorded value is reduced to reflect the loss. The reduced value is deemed to be the new cost.

Endowment fund assets are included in Portfolio investments and Net assets in the Consolidated Statement of Financial Position.

Loans are recorded at cost less any discounts and allowance for credit loss.

Inventories for resale representing the Province's share of royalty oil in feeder and trunk pipelines are recorded at the lower of cost or net realizable value. Other inventories for resale are valued at the lower of cost, determined on a first-in, first-out basis, and estimated net realizable value.

Liabilities

Liabilities represent present obligations of the government to external organizations and individuals arising from transactions or events occurring before the year end. They are recorded when there is an appropriate basis of measurement and management can reasonably estimate the amount.

The value of pension liabilities and associated changes during the year are based on an actuarial extrapolation of the most recent actuarial valuation. This valuation technique uses the projected benefit method pro-rated on service, and management's best estimate as at the extrapolation date of various economic and non-economic assumptions. Where the Province is a participating employer in the plan, experience gains and losses to the extent of the Province's employer share are amortized over the estimated average remaining service life of employees.

Debentures included in unmatured debt are recorded at their face amount less unamortized discount, which includes issue expenses and hedging costs.

Income or expense on interest rate swaps used to manage interest rate exposure is recorded as an adjustment to debt servicing costs.

Liabilities also include:

- all financial claims payable by the Province at the year end,
- contingent liabilities where future liabilities are likely,
- estimates of the Province's liabilities for site remediation and reclamation,
- accrued employee vacation entitlements, and
- asset retirement obligations of the SUCH sector organizations.

Non-financial Assets

Non-financial assets are limited to tangible capital assets, inventories of supplies and prepaid expenses.

Tangible capital assets of government business enterprises are included in the Consolidated Statement of Financial Position within Equity in government business enterprises. Tangible capital assets acquired by right, such as Crown lands, forests, water and mineral resources, are not included on the Consolidated Statement of Financial Position. Post-secondary institutions and certain departments have collections consisting of historical artifacts and provincial, national and international works of art. The value of these collections is not recognized in these financial statements.

Tangible capital assets are valued at cost less accumulated amortization. Amortization is provided on a straight-line basis over the periods expected to benefit from their use (see Schedule 11). The annual amortization costs are allocated to the functions of the government that employ those assets and are reported on the Consolidated Statement of Operations.

Inventories of supplies are valued at the lower of cost, determined on a first-in, first-out basis, and replacement cost.

Derivative Contracts

Income and expense from derivative contracts are recorded as investment income or debt servicing costs. Certain derivative contracts, which are primarily interest rate swaps reported as interest rate derivatives for which there is an underlying matching asset and liability, are recorded at cost plus

accrued interest. Gains and losses from these derivatives are recognized in the same period as the gains and losses of the underlying assets and liabilities.

Other derivative contracts without an underlying matching asset and liability, which are primarily bond index swaps reported as interest rate derivatives, equity index swaps and equity index futures reported as equity replication derivatives, and forward foreign exchange contracts reported as foreign currency derivatives, are recognized at fair value (see Note 4) in portfolio investments and net investment income.

The estimated amounts receivable and payable from derivative contracts are included in accrued interest receivable and payable respectively.

Foreign Currency

Assets and liabilities denominated in foreign currency are translated at the year end exchange rate.

Foreign currency transactions are translated into Canadian dollars using average exchange rate for the day, except for hedged foreign currency transactions which are translated at exchange rates established by the terms of the forward exchange contracts.

Exchange gains and losses that arise on translation of fixed term foreign currency denominated monetary items are deferred and amortized over the life of the contract.

Amortization of deferred exchange gains and losses and other exchange differences on unhedged transactions are included in the determination of the net operating results for the year.

Public Private Partnerships

A public private partnership (P3) is defined as a cooperative venture based on a contract between the Province and one or more public or private partners that meet clearly defined public needs for the provision of goods or services.

The Province accounts for P3 projects in accordance with the substance of the underlying agreements. Agreements that transfer substantially all the risks and rewards of ownership of the assets to the Province are classified as capital leases and are accounted for as follows:

- the capital asset value and the corresponding liabilities are recorded at the net present value of the minimum lease payments discounted using the Province's borrowing rate for long term debt at the time of signing the P3 agreement,
- during construction the capital asset (classified as work in progress) and the corresponding liability are recorded based on the estimated percentage of completion, and
- amortization is accounted for on a straight-line basis over the estimated useful life and commences when the asset is in service.

Measurement Uncertainty

Estimates are used in accruing revenues, expenses, assets and liabilities in circumstances where the actual results are unknown at the time the financial statements are prepared. Uncertainty in the determination of the amount at which an item is recognized in financial statements is known as measurement uncertainty. Such uncertainty exists when there is a variance between the recognized amount and another reasonably possible amount, as there is whenever estimates are used.

Measurement uncertainty that is material to these financial statements exists in the accrual of personal and corporate income taxes; royalties derived from non-renewable resources; health

transfers and Canada social transfer entitlements; private investments, inflation sensitive and alternative investments; and pension liabilities.

Personal income tax revenue of $9,621 million (2012: $8,450 million), see Schedule 1, is subject to measurement uncertainty due primarily to the use of economic estimates of personal income growth. Personal income growth is inherently difficult to estimate due to subsequent revisions to personal income data. The estimate of personal income growth used in determining personal income tax for the current fiscal year is 7.3% (2012: 6.7%).

Corporate income tax revenue of $4,713 million (2012: $3,621 million), see Schedule 1, is subject to measurement uncertainty due primarily to the timing differences between tax collected and future tax assessments, along with the estimate for allowance for doubtful accounts.

Natural gas and by-products royalty of $955 million (2012: $1,304 million), and bitumen royalty of $3,560 million (2012: $4,513 million), see Schedule 1, are subject to measurement uncertainty. Natural gas and by-products royalty is calculated based on allowable costs incurred by the royalty payers and production volumes that are reported to the Province by royalty payers. These costs and volumes could vary significantly from that initially reported. The Province estimates what the costs, volumes and royalty rates for the fiscal year should be based on statistical analysis of industry data.

Health transfers and Canada social transfer entitlements are subject to uncertainty relating to the tax transfer component. The current value of income tax points (personal and corporate) transferred historically by the federal government are used to adjust the entitlements. The value of the tax transfer amounts is unknown at year end because the tax years have not yet been assessed. Accordingly, these amounts are estimated and could change by a material amount.

Private equities, inflation sensitive and alternative investments of $5,466 million (2012: $5,066 million), see Schedule 5, are subject to measurement uncertainty as the fair value may differ significantly from the values that would have been used had a ready market for these investments existed.

Pension liabilities of $10,852 million (2012: $10,556 million), see Schedule 10, are subject to measurement uncertainty because a plan's actual experience may differ significantly from assumptions used in the calculation of the plan's accrued benefits.

The accounts of SUCH sector organizations are consolidated based on the results of their latest financial year end. Some of these entities have year ends that are other than March 31. Estimation of transactions for the period between their year ends and March 31 is therefore subject to measurement uncertainty.

While best estimates have been used for reporting items subject to measurement uncertainty, management considers that it is possible, based on existing knowledge, that changes in future conditions in the near term could require a material change in the recognized amounts. Near term is defined as a period of time not to exceed one year from the date of the financial statements.

Segment Disclosure

Sector information is reported in Note 5 and Schedules 1, 2 and 6 and is based on accountability, budgetary practices and governance relationships within the reporting entity. Additional information is provided in ministry and other entity annual reports.

NOTE 2 VALUATION OF FINANCIAL ASSETS AND LIABILITIES

Fair value is the amount of consideration agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.

Due to their short term nature, the fair values of cash and cash equivalents, accounts and accrued interest receivable, accounts and accrued interest payable, and other accrued liabilities are estimated to approximate their book values.

The methods used to determine the fair values of portfolio investments are explained in the following paragraphs:

Public fixed-income securities and equities are valued at the year-end closing sale price or the average of the latest bid and ask prices quoted by an independent securities valuation company.

Mortgages and certain non-public provincial debentures are valued at the net present value of future cash flows. These cash flows are discounted using appropriate interest rate premiums over similar Government of Canada benchmark bonds trading in the market.

The fair value of alternative investments including absolute return strategy investments, investments in limited partnerships, private investment funds, private equities and securities with limited marketability is estimated using methods such as cost, discounted cash flows, earnings multiples, prevailing market values for instruments with similar characteristics and other pricing models as appropriate.

Real estate investments are reported at their most recent appraised value, net of any liabilities against the real property. Real estate properties are appraised annually by qualified external real estate appraisers using methods such as replacement cost, discounted cash flows, earnings multiples, prevailing market values for properties with similar characteristics and other pricing models as appropriate.

Because quoted market prices are not readily available for private and alternative investments and private real estate, estimated fair values may not reflect amounts that could be realized upon immediate sale, or amounts that may ultimately be realized. Accordingly, estimated fair values may differ significantly from the values that would have been used had a ready market existed for these investments.

The fair value of loans and advances made under the authority of the *Alberta Capital Finance Authority Act* is based on the net present value of future cash flows discounted using the Alberta Capital Finance Authority's (the Authority) current cost of borrowing. Fair values of other loans and advances, including those made under the authority of the *Agriculture Financial Services Act*, are not reported due to there being no organized financial market for the instruments and it is not practicable within constraints of timeliness or cost to estimate the fair values with sufficient reliability. The fair value of unmatured debt and debt held by the Authority is an approximation of its fair value to the holder.

The fair value of derivative contracts relating to portfolio investments is disclosed in Note 4. The estimated amount receivable or payable from derivative contracts at the reporting date is determined by the following methods:

Equity and bond index swaps are valued based on changes in the appropriate market based index net of accrued floating rate interest. Forward foreign exchange contracts and equity index and interest rate futures contracts are valued based on quoted market prices. Interest rate swaps and cross-currency interest rate swaps are valued based on discounted cash flows using current

market yields and exchange rates. Options to enter into interest rate swap contracts are valued based on discounted cash flows using current market yields and volatility parameters which measure change in the underlying swap. Credit default swaps are valued based on discounted cash flows using current market yields and calculated default probabilities. Warrants and rights are valued at the year end closing sale price or the average of the latest bid and ask prices quoted by an independent securities valuation company.

At the year end, the fair value of investments and any other assets and liabilities denominated in a foreign currency are translated to Canadian dollars at the year end exchange rate.

NOTE 3 FINANCIAL RISK MANAGEMENT

(a) ASSET MANAGEMENT

The investments that the Province holds are exposed to credit risk and market risk. Market risk is comprised of currency risk, interest rate risk and price risk. In order to earn the best possible return at an acceptable level of risk, the Province has established policies for the asset mix of its investment portfolios.

The Province reduces its investment risk by holding many different types of assets, investing in securities from various governments and companies in different industries and countries, having quality constraints on fixed income instruments, and restricting amounts exposed to countries designated as emerging markets. The use of derivatives is controlled (see Note 4).

Some of the Province's investments are in the Alberta Heritage Savings Trust Fund (Heritage Fund), which also includes money allocated to the Heritage Fund under the *Access to the Future Act*. The objective is to invest in a diversified portfolio to maximize long-term returns at an acceptable level of risk.

Investments in the Alberta Heritage Foundation for Medical Research Endowment Fund, the Alberta Heritage Science and Engineering Research Endowment Fund, the Alberta Heritage Scholarship Fund and the Alberta Cancer Prevention Legacy Fund are managed to provide an annual level of income to intermediary boards responsible for making grants to researchers in the fields of medicine, science and engineering, and to selected students.

Other investments are used to repay debt as it matures, to provide funding for the capital plan, and to help protect operating and capital spending from short-term declines in revenue and the costs of emergencies, disasters, and settlements with First Nations.

(b) LIABILITY MANAGEMENT

The objective of the Province's liability management program is to achieve the lowest cost on debt within an acceptable degree of variability of debt servicing costs. In order to achieve this objective, the Province manages four risks: interest rate risk, currency exchange risk, credit risk, and refinancing risk. The Province manages these four risks within approved policy guidelines. The debt of provincial corporations is managed separately.

The Province has decided that the most effective liability risk management strategy is to allow existing debt instruments to mature in accordance to their terms (see Schedule 8).

NOTE 4 DERIVATIVE CONTRACTS AND RELATED CREDIT RISK

A derivative is a financial contract with the following three characteristics:

- its value changes in response to the change in a specified interest rate, equity index price, foreign exchange rate or credit rating,
- it requires no initial net investment or the initial investment is smaller than required for exposure to a similar investment market, and
- it is settled in the future.

The Province uses various types of derivative contracts held indirectly through pooled investment funds or directly held by ATB Financial and Alberta Capital Finance Authority to gain access to equity markets and enhance returns or to manage exposure to interest rate risk, currency risk and credit risk. The notional value of a derivative contract represents the amount to which a rate or price is applied in order to calculate the exchange of cash flows with a counter-party.

Interest rate derivatives allow the Province to exchange interest rate cash flows (fixed, floating and bond index) based on a notional amount. Interest rate derivatives primarily include interest rate swaps, cross currency interest rate swaps, bond index swaps, futures contracts, and options.

Equity replication derivatives allow for the Province to receive or pay cash based on the performance of a specified market-based equity index, security or basket of equity securities applied to a notional amount. Equity derivatives primarily include equity index swaps, futures contracts and rights, warrants and options.

Foreign currency derivatives include contractual agreements to exchange specified currencies at an agreed upon exchange rate and on an agreed settlement date in the future.

Credit risk derivatives include credit default swaps allowing the Province to buy and sell protection on credit risk inherent in a bond. A premium is paid or received, based on a notional amount, in exchange for a contingent payment should a defined credit event occur with respect to the underlying security.

The following is a summary of the fair values of the Province's derivative contracts by type:

	2013 Fair Value [a][b]	2012 Fair Value
	In millions	
Interest rate derivatives	$ (642)	$ (520)
Equity replication derivatives	119	150
Foreign currency derivatives	(38)	(19)
Credit risk derivatives	5	(25)
Commodity derivatives	13	8
Derivatives-related payables, net	(543)	(407)
Deposits in futures contracts margin accounts	32	8
Deposits as collateral for derivative contracts	25	6
Net derivative-related investments	$ (486)	$ (393)

(a) Includes derivatives of ATB Financial with a net fair value of $79 million (2012: $65 million). Also includes interest rate derivatives of Alberta Capital Finance Authority with a net fair value of $(721) million (2012: $(600) million).

(b) The method of determining the fair value of derivative contracts is described in Note 2.

NOTE 5 BUDGET

The Consolidated Fiscal Plan documents, which describe the Province's budget for the 2013 fiscal year, were tabled in the Legislature on February 9, 2012. The reporting entity for budget purposes excludes Crown-controlled SUCH sector organizations and the four Alberta Innovates Corporations. However, these are included in the reporting entity for reporting actual results in the consolidated financial statements because these entities are deemed to be controlled by the Province for accounting purposes. For fiscal policy purposes, the budget also excludes the change in pension liabilities, allowance for doubtful accounts related to corporate income tax, and recognizes grants for capital purposes and donated assets as revenue as the tangible capital assets are acquired or constructed. For consolidated financial statement purposes, these grants for capital purposes and donated assets are deferred and recorded in revenue over the useful life of the tangible capital assets.

When there is a difference in scope and basis between the activities reported in the budget and those reported in the financial statements, public sector accounting standards allow that the budget to actual comparison may be done on the same reporting scope of the budget, with the budget revised to conform to the accounting policy used for actual results. As a result, the actual results have been presented excluding the Crown-controlled SUCH sector organizations and the Alberta Innovates Corporations. The planned results have been adjusted to include the change in pension liabilities, the allowance for doubtful accounts related to corporate income tax, and to conform to the accounting policy for recognition of grants for capital purposes and donated assets.

A comparison of the actual operating results of the Province on the same reporting basis as the budget described in the Fiscal Plan is below:

	2013				2012
	Budget			Financial Statements	
	Budget [a]	Adjustment to conform to accounting policy [b][c]	Revised Budget	Actual	Actual
			in millions		
Revenues – fiscal plan basis	$ 40,263	$ 11	$ 40,274	$ 38,457	$ 39,249
Expenses – fiscal plan basis	41,149	333	41,482	41,701	39,889
Annual surplus of SUCH sector organizations and Alberta Innovates Corporations	-	-	-	145	526
Annual deficit	$ (886)	$ (322)	$ (1,208)	$ (3,099)	$ (114)

[a] The budget column excludes the change in pension liability and the revenues and expenses of Crown-controlled SUCH sector organizations and the Alberta Innovates Corporations. The financial statements report the budget as presented in the Fiscal Plan tabled in the Legislature on February 9, 2012 and does not include in year budget restatements.

[b] Decrease in revenues for accounting policy change to defer and record into revenue grants received for capital purposes and donated assets over the useful life of the tangible capital assets has been netted against increase in revenues due to gross up of revenues for allowance for doubtful accounts related to corporate income tax.

[c] Increase in expenses for estimates of change in pension liability as published in the 2012-13 Government Estimates and increase in expenses for allowance for doubtful accounts related to corporate income tax.

The budgeted capital investment on a fiscal plan basis for the year is $2,218 million with actual capital investment amounting to $2,154 million (2012: $2,194 million). The budget amortization on a fiscal plan basis for the year is $882 million with actual amortization amounting to $857 million (2012: $748 million).

NOTE 6 FISCAL RESPONSIBILITY LEGISLATION

Effective April 1, 2005, the *Fiscal Responsibility Act* requires that the financial assets in the Debt Retirement Account must be equal to or greater than the amount of the accumulated debt at the fiscal year end. During 2012-13, the Province complied with the Act. *The Fiscal Responsibility Act* specifically excludes from the definition of accumulated debt any amounts borrowed for the purposes of making advances to or purchasing securities of a provincial corporation, any amounts borrowed for capital, and any amounts borrowed for the purpose of paying to the post-1992 fund all or any portion of the amounts owing in accordance with the *Teachers' Pension Plans Act*.

Accumulated Debt

The table below shows the balance of accumulated debt at March 31:

	2013	2012
	In millions	
Unmatured debt (Schedule 8)	$ 5,562	$ 4,748
Funding obligation for school board debentures	66	91
Adjustments to conform to statutory definition		
Borrowings for provincial corporations	(1,793)	(1,667)
Borrowings to repay the Teachers' Pension Plan Liability	(1,187)	(1,186)
Borrowings for capital purposes, including Alberta Capital Bonds	(2,429)	(1,497)
Accumulated debt as per the *Fiscal Responsibility Act*	$ 239	$ 489

The table below shows the funds set aside in the Debt Retirement Account to retire accumulated debt that has not yet matured:

	2013		2012
	Budget	Actual	Actual
		In millions	
Accumulated debt per the *Fiscal Responsibility Act*	$ 238	$ 239	$ 489
Funds available for debt repayment	253	249	503
Accumulated debt less funds set aside	$ (15)	$ (10)	$ (14)

NOTE 7 LIABILITIES UNDER PUBLIC PRIVATE PARTNERSHIPS

The Province has entered into contracts to design, build, finance and operate ring road segments under the following public private partnerships: Anthony Henday – South East Edmonton Ring Road, Stoney Trail – North East Calgary Ring Road, Anthony Henday – North West Edmonton Ring Road, Stoney Trail – South East Calgary Ring Road, and Anthony Henday – North East Edmonton Ring Road. The Province has also entered into public private partnership contracts to design, build, finance and maintain schools under the Alberta Schools Alternative Procurement Phase 1, Phase 2 and Phase 3 projects. These contracts include a construction period followed by a 30 year operational period for the ring roads and a 30 year maintenance period for the schools.

The details of the 30 year contracts for those projects that are under construction are as follows:

	Contractor	Date Contract entered into	Scheduled completion date	Date Capital payments begin
Stoney Trail - South East Calgary Ring Road	Chinook Roads Partnership	March 2010	September 2013	October 2013
Anthony Henday - North East Edmonton Ring Road	Capital City Link General Partnership	May 1, 2012	September 2016	October 2016
Alberta Schools Alternative Procurement Phase 3	ABC Schools Partnership	September 2012	June 2014	July 2014

The details of the contracts for those projects that are already operational are as follows:

	Contractor	Date Contract entered into	Completion date	Date Capital payments began
Anthony Henday - South East Edmonton Ring Road	Access Roads Edmonton Ltd.	January 2006	October 2007	November 2007
Stoney Trail - North East Calgary Ring Road	Stoney Trail Group	February 2007	October 2009	November 2009
Alberta Schools Alternative Procurement Phase 1	BBPP Alberta Schools Ltd.	September 2008	June 2010	July 2010
Anthony Henday - North West Edmonton Ring Road	NorthwestConnect General Partnership	July 2008	October 2011	November 2011
Alberta Schools Alternative Procurement Phase 2	B2L Partnership	April 2010	June 2012	August 2012

The calculation of the liabilities under public private partnerships is as follows:

	2013 Total	2012 Total
	In millions	
Liabilities, beginning of year	$ 1,944	$ 1,734
Additions to liabilities during the year	256	231
Principal payments	(30)	(21)
Liabilities, end of year	$ 2,170	$ 1,944

NOTE 8 CONTRACTUAL OBLIGATIONS

Contractual obligations are obligations of the Province to others that will become liabilities in the future when the terms of those contracts or agreements are met.

	2013	2012
	In millions	
Obligations under operating leases, contracts and programs	$ 21,131	$ 21,775
Loans and advances approved	165	134
Obligations under capital leases and public private partnerships		
Operations and maintenance payments	2,280	1,736
Capital payments	5,443	4,062
Obligations under the North West Redwater Partnership	19,096	-
	$ 48,115	$ 27,707

Estimated payment requirements for each of the next five years and thereafter are as follows:

Obligations Under Operating Leases, Contracts and Programs

	In millions
2013-14	$ 6,753
2014-15	3,884
2015-16	2,960
2016-17	1,593
2017-18	1,197
Thereafter	4,744
	$ 21,131

Major commitments included in the above figures are commitments for capital construction contracts for health and education facilities, highways and the Municipal Sustainability Initiative which is an agreement that began in 2007-08 between the Province and Alberta municipalities for capital and operating purposes and is subject to the annual appropriation of the Legislature.

Obligations under Capital Leases and Public Private Partnerships

Operations and Maintenance Payments

	In millions
2013-14	$ 45
2014-15	50
2015-16	51
2016-17	57
2017-18	65
Thereafter	2,012
	$ 2,280

Capital Payments

	In millions
2013-14	$ 144
2014-15	157
2015-16	158
2016-17	179
2017-18	197
Thereafter	4,608
	5,443
Less amount representing interest	(2,290)
	$ 3,153

Capital payments include payments for capital leases and for public private partnerships. The capital payments for public private partnerships are fixed, equal monthly payments for the privately financed portion of the costs of building the infrastructure. The present value of these capital payments is recorded as a liability on the Consolidated Statement of Financial Position.

The government has various commitments relating to the devolution of services or disposition of assets to the private sector. Those commitments include the performance of duties and obligations if the private sector organization fails to meet them.

Obligations under the North West Redwater Partnership

On November 8, 2012, the North West Redwater Partnership (Partnership) announced the sanctioning of the construction of Phase 1 of the Sturgeon Refinery which it will build, own and operate. The Province has entered into agreements whereby the Partnership will process and market Crown royalty bitumen, or equivalent volumes, collected pursuant to the Bitumen Royalty in Kind initiative in order to capture additional value within Alberta. The Partnership will market the refined products (primarily ultra low sulphur diesel and low sulphur vacuum gas oil) on behalf of the Province. There is financial risk to the Province under these agreements related to the difference in price between bitumen supplied as feedstock and marketed refined products, relative to the costs of the processing.

Under the processing agreement, the Province is obligated to pay a monthly toll comprised of operating, debt, equity, and profit share components on 37,500 barrels per day of bitumen (75% of the project's feedstock) for 30 years. The toll includes both flow through costs as well as costs that are capped at certain levels, such as the $6.5 billion cap on Facility Capital Costs which are the key determinant of the debt and equity components of the toll. The Province has very restricted rights to terminate the agreement, and if it is terminated, the Province remains obligated to pay the debt component of the toll. The term begins upon commencement of commercial operations, which is expected to be July 1, 2016.

NOTE 8 continued

The toll under the processing agreement, assuming a $5.7 billion Facility Capital Cost, market interest rates and 2% operating cost inflation rate, is estimated to be:

	In millions
2013-14	$ -
2014-15	-
2015-16	-
2016-17	248
2017-18	532
Thereafter	18,316
	$ 19,096

NOTE 9 CONTINGENT LIABILITIES

Set out below are details of contingent liabilities resulting from guarantees, indemnities and litigation, other than those reported as liabilities. Any losses arising from the settlement of contingent liabilities are treated as current year expenses.

(a) GUARANTEES

Guarantees amounting to $50 million (2012: $53 million) are detailed in Schedule 13.

(b) CONTINGENT LIABILITIES

The Province, through the Credit Union Deposit Guarantee Corporation which operates under the authority of the *Credit Union Act*, has a potential liability under guarantees relating to deposits of credit unions. At March 31, 2013 credit unions in Alberta held deposits totalling $18.7 billion (2012: $17.5 billion). Substantial assets are available from credit unions to safeguard the Province from the risk of loss from its potential obligation under the Act.

At March 31, 2013, ATB Financial had a contingent liability under guarantees and letters of credit amounting to $437million (2012: $358 million).

The Province has a potential liability under guarantees relating to the debt of Alberta Capital Finance Authority of $5,595 million (2012: $7,738 million) and Alberta Social Housing Corporation of $67 million (2012: $69 million) that is held external to the Government of Alberta.

Through the *Public Trustee Act*, the Province unconditionally guarantees the amount outstanding on a client's guaranteed account as administered by the Office of the Public Trustee. As at March 31, 2013, the potential liability of the Province based on the outstanding balance of the Client Guaranteed Accounts is $418 million (2012: $403 million).

The Province has contingent liabilities with respect to various indemnities as permitted under the *Financial Administration Act*. The indemnified amount and corresponding liability cannot be reasonably estimated.

(c) LEGAL ACTIONS

At March 31, 2013, the Province was involved in legal matters where damages are being sought. These matters may give rise to contingent liabilities.

Accruals have been made in specific instances where it is likely that losses will be incurred based on a reasonable estimate. As at March 31, 2013, accruals totalling $133 million (2012: $126 million) have been recorded as a liability. The total amount claimed for all likely claims is $589 million (2012: $491 million). The resulting additional liability, if any, from likely claims in excess of the amounts accrued is not determinable.

In addition, the Province has been named in 596 (2012: 639) claims of which the outcome is not determinable. Of these claims 506 (2012: 516) have specified amounts totalling $3.8 billion (2012: $3.9 billion). The remaining 90 (2012: 123) claims have no amounts specified. The resolution of indeterminable claims may result in a liability, if any, that may be significantly lower than the claimed amount.

The Province has been named in 30 (2012: 29) claims in matters such as aboriginal rights, Indian title and treaty rights. In most cases, these claims have been filed jointly and severally against the Province of Alberta and the Government of Canada and in some cases involve third parties. Of these claims, 17 (2012: 14) have specified amounts totalling $155.6 billion (2012: $141.9 billion) plus a provision for interest and other costs that are not determinable. The remaining 13 (2012: 15) claims have no amounts specified. In addition, there are 5 claims (2012: 4) for treaty land entitlement for which the Province may have an obligation under the Natural Resources Transfer Agreement.

(d) BITUMEN ROYALTIES

Certain producers have disputed the basis of royalty calculation for bitumen royalties. Bitumen royalties reported may be adjusted by potentially significant amounts following resolution of the dispute.

(e) TAX ASSESSMENTS

Some of the taxes assessed by the Province are under objection and some are being appealed. The resulting loss, if any, cannot be reasonably estimated.

NOTE 10 TRUST AND OTHER FUNDS UNDER ADMINISTRATION

Trust and other funds under administration are regulated and other funds consisting of public money over which the Legislature has no power of appropriation. Because the Province has no equity in the funds and administers them for the purposes of various trusts, they are not included in the consolidated financial statements. As at March 31, 2013, trust and other funds under administration were as follows:

	2013	2012
	In millions	
Public Sector Pension Plan Funds	$ 39,695	$ 34,929
Teachers' Pension Plan Funds	7,830	6,773
The Workers' Compensation Board Accident Fund	659	622
Public Trustee	563	544
Special Areas Trust Account	251	231
Various Court Offices and Fines Distribution Trust	122	117
Miscellaneous trust funds	774	443
	$ 49,903	$ 43,659

In addition to the above trust and other funds under administration, the Province holds cash and bank guarantees in the form of letters of credit and promissory notes in the amount of $1,695 million (2012: $1,534 million). The majority of these guarantees are held to assure satisfactory reclamation of coal and oil sands operations, sand and gravel pits, landfills, hazardous waste management and hazardous recyclable facilities.

NOTE 11 ENDOWMENT FUNDS

	2013	2012
	In millions	
Endowment funds of universities, colleges and hospitals	$ 1,608	$ 1,543

Endowment fund assets are included in Portfolio investments and Net assets in the Consolidated Statement of Financial Position. Donors have placed restrictions on their contribution to the endowment funds of universities, colleges and hospitals. The principal restriction is that the original contribution should not be spent. Capital preservation, investment returns and the impact of inflation may also form restrictions on these funds.

NOTE 12 ADJUSTMENTS TO NET ASSETS

The reconciliation of adjustments to Net assets is as follows:

	2013	2012
	in millions	
Adjustments to net assets		
Change in unrealized losses (Schedule 6)	$ (50)	$ (3)
Change in accounting policy [a]	(2,003)	(101)
Increase in endowments (Note 11)	65	59
Other	(11)	108
Consolidation adjustments relating to SUCH sector	(43)	(96)
	$ (2,042)	$ (33)

[a] Effective April 1, 2012, the Province changed its policy for recording transfers from the Government of Canada for capital purposes and donated assets (Note 1). As a result of this policy change, these transfers and donations are recognized as deferred capital contributions and recorded as revenue over the useful life of the tangible capital assets based on the relevant stipulations of the transfer taken together with the actions and communications of the Province.

In 2011-12, government business enterprises were required to adopt International Financial Reporting Standards (IFRS) which resulted in a $90 million decrease to net assets. In addition, two provincial agencies adopted the public sector accounting standards on April 1, 2011. As a result of electing a different discount rate for the calculation of the pension liability, the related balance of accrued pension plan assets was changed into a pension liability resulting in a decrease in opening net assets of $11 million.

NOTE 13 COMPARATIVE FIGURES

Certain 2012 figures have been reclassified, where necessary, to conform to 2013 presentation.

REVENUES

SCHEDULE 1

	2013	2012
	In millions	
Income taxes		
Personal income tax	$ 9,621	$ 8,450
Corporate income tax	4,713	3,621
Interest and penalties on corporate income tax	42	-
	14,376	12,071
Other taxes		
Education property tax	1,987	1,858
Tobacco tax	912	896
Fuel tax	897	849
Insurance taxes	335	294
Freehold mineral rights tax	119	129
Alberta tourism levy	82	73
Interest and penalties on other tax	1	-
	4,333	4,099
Non-renewable resource revenue		
Bitumen royalty	3,560	4,513
Crude oil royalty	1,881	2,284
Bonuses and sales of Crown leases	1,053	3,312
Natural gas and by-products royalty	955	1,304
Rentals and fees	176	169
Coal royalty [a]	(3)	29
Energy industry drilling stimulus program	-	25
	7,622	11,636
Transfers from Government of Canada		
Health transfers	2,395	2,192
Canada social transfer	1,315	1,256
Agriculture support programs	278	278
Labour market agreements	177	173
Other	877	1,293
	5,042	5,192
Net income from government business enterprises		
Lottery operations	1,485	1,471
Liquor operations	729	700
Other	273	222
	2,487	2,393
Net investment income	2,595	2,168
Premiums, fees and licences		
Health fees and charges	451	452
Motor vehicle licences	467	420
Crop and hail insurance premiums	314	283
Energy Resources Conservation Board levies	125	125
Land Titles	82	79
Other	708	583
	2,147	1,942
Other		
Tuition	1,037	989
Sales, rentals and services	612	768
Fundraising, donations, gifts and contributions	828	804
Fines and penalties	136	132
Climate change and emissions management	94	51
Other	1,077	980
	3,784	3,724
	$ 42,386	$ 43,225

[a] The negative revenue for Coal royalty in 2012-13 is primarily due to a large refund of $16 million for production in the prior year.

	2013	2012
	In millions	
Program expenses		
Offices of the Legislative Assembly	$ 121	$ 97
Ministries		
Health	17,237	16,203
Education	7,218	6,976
Enterprise and Advanced Education	5,215	4,995
Human Services	4,227	3,842
Transportation	1,936	1,983
Treasury Board and Finance	1,443	1,145
Municipal Affairs	1,343	1,589
Justice and Solicitor General	1,291	1,181
Agriculture and Rural Development	1,166	921
Infrastructure	1,069	1,142
Environment and Sustainable Resource Development	900	818
Energy	535	392
Service Alberta	303	285
Culture	249	238
Tourism, Parks and Recreation	183	177
Aboriginal Relations	153	144
Executive Council	42	45
International and Intergovernmental Relations	28	23
	44,659	42,196
Debt servicing costs [a]	530	509
Pension provisions [b] (Schedule 10)	296	634
	$ 45,485	$ 43,339

[a] Debt servicing costs consists of interest paid on various forms of government debt. It excludes interest on pension liabilities. Interest on pension liabilities has been included in pension provisions and other program expense.

[b] Pension provisions are related to the Ministry of Enterprise and Advanced Education, the Ministry of Education, the Ministry of Energy, the Ministry of Treasury Board and Finance, and the Ministry of Health.

EXPENSES BY OBJECT

SCHEDULE 3

	2013	2012
	In millions	
Grants	$ 11,903	$ 11,370
Services	7,522	7,166
Salaries, wages, employment contracts and benefits	17,960	16,798
Amortization of tangible capital assets and consumption of inventories of supplies	2,721	2,497
Interest and amortization of exchange gains and losses	495	478
Materials and supplies	3,257	3,115
Pension provisions (Schedule 10)	296	634
Corporate income tax allowance provision	125	123
Travel and communication	293	283
Pension liability funding	514	504
Other	399	371
	$ 45,485	$ 43,339

The pension expense for the Province (Schedule 10) is included in salaries, wages, employment contracts and benefits, pension provisions and pension liability funding.

CASH AND CASH EQUIVALENTS

SCHEDULE 4

	2013		2012	
	Book Value	Fair Value	Book Value	Fair Value
	In millions			
Cash [a]	$ 3,427	$ 3,427	$ 3,568	$ 3,568
Cash equivalents	2,971	2,971	2,619	2,620
	$ 6,398	$ 6,398	$ 6,187	$ 6,188

(a) Cash includes deposits in the Consolidated Cash Investments Trust Fund (CCITF). At March 31, 2013, deposits in CCITF had a time-weighted return of 1.3% (2012: 1.3%) per annum.

	2013		2012	
	Book Value	Fair Value	Book Value	Fair Value
	In millions			
Interest bearing securities				
Deposits and short-term securities	$ 906	$ 907	$ 845	$ 845
Bonds and mortgages	11,227	11,444	15,999	16,328
	12,133	12,351	16,844	17,173
Equities				
Canadian public equities	2,338	2,576	2,008	2,153
Global developed public equities	7,081	7,899	7,340	7,764
Emerging markets public equities	943	1,059	616	661
Private equities	1,049	1,228	1,004	1,161
Pooled investment funds	33	34	36	38
	11,444	12,796	11,004	11,777
Inflation sensitive and alternative investments				
Private real estate	2,539	3,477	2,198	3,009
Inflation sensitive real return bonds	-	-	-	-
Private infrastructure	1,186	1,285	1,288	1,306
Timberland	273	333	281	336
Private debt and loans	351	352	227	241
Other investments	68	68	68	68
	4,417	5,515	4,062	4,960
	$ 27,994	$ 30,662	$ 31,910	$ 33,910

EQUITY IN GOVERNMENT BUSINESS ENTERPRISES — SCHEDULE 6

	2013	2012
	In millions	
Accumulated surpluses		
Accumulated surpluses at beginning of year	$ 2,626	$ 2,545
Restatement [a]	(12)	(107)
Restated opening surpluses	2,614	2,438
Total revenue	5,230	4,943
Total expense [b]	2,743	2,550
Net income	2,487	2,393
Change in accumulated unrealized losses [c]	(50)	(3)
Transfers to the Province from Alberta Gaming and Liquor Commission	(2,219)	(2,202)
Accumulated surpluses at end of year	$ 2,832	$ 2,626
Represented by		
Loans	$ 29,663	$ 26,713
Investments	1,214	2,131
Other	2,989	2,899
	33,866	31,743
Liabilities		
Accounts payable	1,366	1,062
Deposits [d]	26,327	25,053
Unmatured debt	3,103	2,764
Capital investment deposits	238	238
	31,034	29,117
	$ 2,832	$ 2,626
Equity in government business enterprises at end of year		
As reported by the entities		
ATB Financial	$ 2,256	$ 2,062
Alberta Gaming and Liquor Commission	363	380
Credit Union Deposit Guarantee Corporation	213	184
	2,832	2,626
Subordinated debentures in support of deposit guarantees	155	113
	$ 2,987	$ 2,739

(a) During the year, the Alberta Gaming and Liquor Commission had a restatement to its pension liability which had a a total impact to equity in government business enterprises of $12 million. In 2012, government business enterprises adopted International Financial Reporting Standards (IFRS) resulting in restatements of $107 million. This consists of a $90 million decrease in opening net assets for ATB Financial and the Credit Union Deposit Guarantee Corporation and a $17 million decrease due to the General Revenue Fund for Alberta Gaming and Liquor Commission.

(b) Included in the total expense is $32 million (2012: $22 million) of interest expense of ATB Financial that was paid to the Province for amounts borrowed directly by the Province on behalf of ATB Financial. Also included in the total expense is $73 million (2012: $58 million) of payment in lieu of taxes of ATB Financial that was paid to the Province.

(c) The change in accumulated unrealized losses of $50 million (2012: $3 million) is comprised of changes in other comprehensive income in government business enterprises. At March 31, 2013, the Province has $63 million in accumulated unrealized losses (2012: $13 million).

(d) The repayment of all deposits without limit, including accrued interest, is guaranteed by the Province in respect of which the Province assesses a deposit guarantee fee of $29 million (2012: $27 million) payable by ATB Financial. Included in the total deposits of ATB Financial are amounts borrowed by the Province on behalf of ATB Financial totalling $2,196 million (2012: $1,990 million) to be repaid as follows: $300 million in 2014-15, $900 million in 2016-17, and the remaining $996 million in 2017-18.

At March 31, 2013, ATB Financial had a contingent liability under guarantees and letters of credit of $437 million (2012: $358 million).

Included in the Province's contractual obligations are $383 million (2012: $317 million) for contracts belonging to government business enterprises. These amounts include obligations under operating leases which expire on various dates.

LOANS AND ADVANCES — SCHEDULE 7

	2013	2012
	In millions	
Loans and advances made under the authority of		
Alberta Capital Finance Authority Act [(a)]	$ 11,388	$ 10,052
Agriculture Financial Services Act [(b)]	1,789	1,610
Student Loan Act	974	762
Alberta Heritage Savings Trust Fund Act	278	282
Alberta Housing Act	21	8
Financial Administration Act	4	64
	14,454	12,778
Less allowance for doubtful accounts	264	316
	$ 14,190	$ 12,462

(a) The fair value of the loans as at March 31, 2013 was $12,815 million (2012: $11,192 million). Municipal loans on average yield 4.4% (2012: 4.6%) per annum.

(b) The fair value of the loans receivable is not disclosed. Determining fair values with sufficient reliability is not practical due to the absence of verifiable information from established financial markets for such loans. Agricultural loan portfolios on average yield 4.8% (2012: 4.9%) per annum.

UNMATURED DEBT — SCHEDULE 8

	2013				2012	
	Effective Rate (a)	Modified Duration (b)	Book Value (a)	Fair Value (a)	Book Value (a)	Fair Value (a)
	%	years	*In millions*			
Direct debt						
Canadian dollar debt						
Floating rate and short-term fixed rate (c)	4.54	0.55	$ 64	$ 65	$ 266	$ 281
Fixed rate long-term (d)	3.55	7.72	5,451	5,901	4,413	4,798
	3.56	7.64	5,515	5,966	4,679	5,079
Alberta Social Housing Corporation						
Canadian dollar fixed rate debt			67	98	69	102
			$ 5,582	$ 6,064	$ 4,748	$ 5,181

(a) Book value represents the amount the Province owes. Fair value approximates market value to the debt holder. The book value, fair value and weighted average effective rate include the effect of interest rate and currency rate swaps. Effective rate is the rate that exactly discounts estimated future cash payments through the expected term of the debt to the net carrying amount. For non-marketable issues, the effective rate and fair value are determined by reference to yield curves for comparable quoted issues.

(b) Modified duration is the weighted average term to maturity of a security's cash flows (i.e. interest and principal) and is a measure of price volatility. The greater a bond's modified duration, the greater the impact a change in interest rates will have on its value.

(c) Floating rate debt includes short-term debt, term debt with less than one year to maturity, and term debt with interest rate reset within a year.

(d) Includes $2,429 million (2012: $1,497 million) borrowed for capital purposes and borrowing of $1,187 million (2012: $1,186 million) to repay the Teachers' Pension Plan liability (see Note 6).

UNMATURED DEBT

SCHEDULE 8 (continued)

In addition to the unmatured debt shown above, and in order to reduce overall borrowing costs for the Province, the Province borrows money at a more favourable rate and loans it to various provincial entities (see Schedule 7) with the exact same repayment terms and interest rates. The Province borrowed funds on behalf of ATB Financial totalling $2,196 million (2012: $ 1,990 million) (see Schedule 6) and Alberta Capital Finance Authority totalling $6,724 million (2012: $ 3,307 million) (see Schedule 9).

Debt principal repayment requirements (based on par value) in each of the next five years, including short-term maturing in 2013-14 and therefore, are as follows:

	In millions
2013-14	$ 114
2014-15	1,227
2015-16	143
2016-17	85
2017-18	72
Thereafter	3,941
	$ 5,582

DEBT OF ALBERTA CAPITAL FINANCE AUTHORITY

SCHEDULE 9

	2013		2012	
	Book Value	Fair Value	Book Value	Fair Value
	In millions			
Alberta Capital Finance Authority				
Canadian dollar and foreign currency fixed rate debt [a]	$ 8,788	$ 9,429	$ 5,990	$ 6,596
Canadian dollar floating rate debt	3,537	3,557	5,055	5,075
Total [b]	12,325	12,986	11,045	11,671
Effective rate per annum		4.4%		4.9%

(a) Includes fixed note US dollar debt of $600 million (fair value: $607 million) in Canadian dollars.

(b) Included in the Alberta Capital Finance Authority debt are amounts borrowed directly by the Province on behalf of the Alberta Capital Finance Authority totalling $6,724 million (2012: $ 3,307 million).

Debt principal repayment requirements in each of the next five years, including short-term debt maturing in 2013-14 and thereafter, are as follows:

	In millions
2013-14	$ 3,471
2014-15	657
2015-16	800
2016-17	1,500
2017-18	2,559
Thereafter	3,338
	$ 12,325

Pension Plans

The Province is the trustee for the following pension plans under the *Public Sector Pension Plans Act*:

Local Authorities Pension Plan (LAPP), Management Employees Pension Plan (MEPP), Public Service Pension Plan (PSPP), Special Forces Pension Plan (SFPP), and the Public Service Management (Closed Membership) Pension Plan (PSMC). The Province is also trustee for the Provincial Judges and Masters in Chambers (Registered) Pension Plan (PJMCPP) under the *Provincial Court Act* and the Supplementary Retirement Plan for Public Service Managers (MSRP) under the Supplementary Retirement Plan – Retirement Compensation Arrangement Directive (Treasury Board Directive 01/99). All of these pension plans are open with the exception of PSMC. Financial statements for all of these pension plans as of their December 31, 2012 year end or March 31, 2013 year end are reported as supplementary information in the Ministry of Treasury Board and Finance Annual Report. All of the plans, except the Judges plan, are multi-employer plans.

Boards, on behalf of Crown-controlled SUCH sector organizations, administer the Teachers' Pension Plan (Teachers') and the Universities Academic Pension Plan (UAPP).

In addition to the aforementioned plans, there are several agencies which maintain their own plans to compensate senior staff members that do not participate in the regular government pension plans. These entities include the Energy Resource Conservation Board, Alberta Utilities Commission, Alberta Securities Commission, and some SUCH sector entities. Summaries of these plans are included in these financial statements as Supplementary Executive Retirement Plans (SERP). Additional information can be found in the entity's financial statements.

The following is a summary of the plans for the year ended March 31, 2013:

Defined Benefit Pension Plans	Approximate Number of Active Employees	Average Age of Active Employees	Approximate Number of Former Employees Entitled to Refunds of Contributions	Approximate Number of Retirees Receiving Benefits	Employee Contributions	Employer Contributions	Benefit Payments
					In millions		
LAPP	147,153	47	27,831	49,767	$ 899	$ 1,035	$ 1,010
PSPP	41,234	46	15,677	22,178	260	285	412
MEPP	5,330	52	1,044	3,957	65	107	159
MSRP	1,069	56	125	710	3	3	3
PJMCPP [a]	128	65	3	136	1	2	7
PSMC [a]	-	-	123	1,976	-	-	56
SFPP [a]	4,129	42	185	2,278	52	61	92
Teachers' Pre-92	9,675	53	2,481	23,150	-	-	435
Teachers' Post-92	36,263	42	6,521	18,771	334	315	257
UAPP [a]	7,727	49	1,532	4,185	104	113	197

[a] These four plans also received during the year contributions, primarily related to pre-1992 commitments, from the Province of Alberta as follows: PJMCPP $1 million, PSMC $60 million, SFPP $5 million and UAPP $11 million.

The plans provide a defined benefit retirement income based on a formula for each plan that considers final average years of salary, length of service and a percentage ranging from 1.4% to 2% per year of service.

The Province accounts for the liabilities for pension obligations on a defined benefit basis as a participating employer for former and current employees in Local Authorities Pension Plan, Management Employees Pension Plan, Supplementary Retirement Plan for Public Service Managers, Provincial Judges and Masters in Chambers Pension Plan and Public Service Pension Plan for the government's consolidated reporting entity except for government business enterprises that report under International Financial Reporting Standards (IFRS) and are required to account directly for participation in the public service pension plans under IFRS.

The Province also accounts for the specific commitments made by the Government of Alberta for pre-1992 pension obligations to the Teachers' Pension Plan, Public Service Management (Closed Membership) Pension Plan, Universities Academic Pension Plan and Special Forces Pension Plan. In 1992, there was pension plan reform resulting in pre-1992 and post-1991 arrangements for several pension plans.

The Province also accounts for the obligation to the Members of the Legislative Assembly Pension Plan (MLAPP).

The following table contains summary information on these specific pension plans. Complete financial reporting is available through each pension plan. Pension liabilities are as follows:

	2013		2012
	Pension Liabilities	Pension Provisions (Recovery) (Schedule 3)	Pension Liabilities
		in millions	
Liabilities for the Province's employer share for former and current employees			
Local Authorities Pension Plan [a]	$ 494	$ 44	$ 450
Management Employee Pension Plan [b]	139	10	129
Supplementary Retirement Plan for Public Service Managers [c]	52	(1)	53
Provincial Judges and Masters in Chambers Pension Plan [d]	6	6	-
Public Service Pension Plan [e]	250	74	176
Teachers' Pension Plan [f]	560	57	503
Universities Academic Pension Plan [g]	199	20	179
Supplementary Executive Retirement Plans [h]	58	11	47
	1,758	221	1,537
Liabilities for the Province's commitment towards pre-1992 obligations			
Teachers' Pension Plan [f]	8,014	98	7,916
Public Service Management (Closed Membership) Pension Plan [c]	584	(30)	614
Universities Academic Pension Plan [g]	328	13	315
Special Forces Pension Plan [g]	123	(6)	129
	9,049	75	8,974
Members of the Legislative Assembly Pension Plan [i]	45	-	45
	$ 10,852	$ 296	$ 10,556

Pension provisions represent the change in pension liabilities, net of pension expense and contributions made.

The following is a description of each pension liability:

(a) The Local Authorities Pension Plan is a contributory defined benefit pension plan for eligible employees of local authorities and approved public bodies. These include cities, towns, villages, municipal districts, hospitals, Alberta Health Services, school divisions, school districts, colleges, technical institutes, certain commissions, foundations, agencies, libraries, corporations, associations, and societies. In accordance with the *Public Sector Pension Plans Act*, the actuarial deficiencies as determined by actuarial funding valuations are expected to be funded by special payments currently totalling 6.96% of pensionable earnings shared equally between employees and employers until December 31, 2025. Current service costs are funded by employers and employees.

(b) The Management Employee Pension Plan is a contributory defined benefit pension plan for eligible management employees of the Province and certain approved provincial agencies and public bodies. Members of the former Public Service Management Pension Plan who were active contributors at August 1, 1992, and have not withdrawn from the Plan since that date, continue as members of this Plan. In accordance with the *Public Sector Pension Plans Act*, the actuarial deficiencies as determined by actuarial funding valuations are expected to be funded by special payments currently totalling 9.4% of pensionable earnings shared between employees and employers until December 31, 2014, 7.3% until December 31, 2016, 2.5% until December 31, 2017 and 2.1% until December 31, 2024. Current services costs are funded by employers and employees.

(c) The Supplementary Retirement Plan for Public Service Managers is a contributory defined benefit pension plan for certain public service managers of designated employers who participate in the Management Employees Pension Plan (MEPP) and whose annual salary exceeds the maximum pensionable salary limit under the *Income Tax Act*. The Plan is supplementary to the MEPP. The contribution rates in effect at December 31, 2012 were at 11.16% (2011: 11.16%) of pensionable salary in excess of the maximum pensionable salary limit for eligible employees and designated employers.

(d) The Provincial Judges and Masters in Chambers Pension Plan is a contributory defined benefit pension plan for Judges and Masters in Chambers of the Province of Alberta. Current service costs are funded by the Province and plan members at rates which are expected to provide for all benefits payable under the Plan. The rates in effect at March 31, 2013 are 7.00% of capped salary for plan members and 14.65% of capped salary for the Province. Benefits are payable by the Province if assets are insufficient to pay for all benefits under the Plan.

(e) The Public Service Pension Plan is a contributory defined benefit pension plan for eligible employees of the Province, approved provincial agencies and public bodies. In accordance with the *Public Sector Pension Plans Act*, the actuarial deficiencies as determined by an actuarial funding valuation are expected to be funded by special payments currently totaling 6.94% of pensionable earnings shared equally between employees and employers until December 31, 2025. Current service costs are funded by employers and employees.

(f) The *Teachers' Pension Plans Act* requires all teachers under contract with jurisdictions in Alberta to contribute to the Teachers' Pension Plan. The Province assumed responsibility for the entire unfunded pre-1992 pension obligation of the Teachers' Pension Plan. The costs of all benefits paid under the pre-1992 Teachers' Pension Plan are paid by the Province. In addition, the Province is responsible for 50% of the unfunded liability, any current service costs and certain cost of living benefits for service after August 1992.

(g) Under the *Public Sector Pension Plans Act*, the Province has a liability for payment of additional contributions under defined benefit pension plans for certain employees of post-secondary educational institutions and municipalities. The plans are the Universities Academic and Special Forces pension plans.

For the Universities Academic Pension Plan, the unfunded liability for service credited prior to January 1, 1992 is being financed by additional contributions of 1.25% of pensionable salaries by the Province and contributions by employees and employers to fund the remaining amount, as determined by the plan valuation, over the period ending on or before December 31, 2043. Current service costs are funded by employers and employees.

For the Special Forces Pension Plan, the unfunded liability for service credited prior to January 1, 1992 is being financed by additional contributions in the ratio of 45.45% by the Province and 27.27% each by employers and employees, over the period ending on or before December 31, 2036. Current service costs are funded by employers and employees. The Act provides that payment of all benefits arising from pensionable service prior to 1994, excluding post-1991 cost of living adjustment benefits, is guaranteed by the Province.

(h) Certain consolidated entities provide defined supplementary executive retirement plans for certain management staff, and other benefit plans for all or specific groups of staff, depending on the plans. The cost of these benefits are actuarially determined on an annual basis using the projected benefit method pro-rated on services, a market interest rate, and management's best estimate of expected costs and the period of benefit coverage.

(i) The Public Service Management (Closed Membership) Pension Plan provides benefits to former members of the Public Service Management Pension Plan who were retired, were entitled to receive a deferred pension or had attained 35 years of service before August 1, 1992. The costs of all benefits under the Plan are paid by the Province.

(j) The Province has a liability for payment of pension benefits under a defined benefit pension plan for Members of the Legislative Assembly. Active participation in this plan was terminated as of June 1993, and no benefits can be earned for service after that date. The costs for all benefits under the plan are paid by the Province.

The liability for pension obligations as a participating employer is as follows:

As at March 31, 2013	LAPP	MEPP	PSPP	Teachers' Pension Plan Post-1992	UAPP	Others[d]	Total 2013	Total 2012
				(In millions)				
Liabilities for the Province's share for former and current employees								
Net assets available for benefits [a]	$ 22,862	$ 2,986	$ 7,300	$ 7,839	$ 3,004	$ 395	$ 44,386	$ 38,495
Pension obligation	27,839	3,289	8,945	9,727	4,153	513	54,466	48,474
Pension plan deficit [a]	$ 4,977	$ 303	$ 1,645	$ 1,888	$ 1,149	$ 118	$ 10,080	$ 9,979
Province of Alberta share of the deficiency	$ 1,705	$ 185	$ 728	$ 914	$ 411	$ 118	4,061	4,045
Unamortized Losses [b]	(1,188)	(41)	(471)	(354)	(212)	(2)	(2,268)	(2,489)
Timing differences between the pension plan fiscal year ends and March 31 [c]	(23)	(5)	(7)	-	-	-	(35)	(19)
Future Benefit Liability	$ 494	$ 139	$ 250	$ 560	$ 199	$ 116	1,758	1,537
Liabilities for the Province's commitment towards pre-1992 obligations							9,049	8,974
Members of the Legislative Assembly Pension Plan							45	45
							$ 10,852	$ 10,556

(a) These numbers are as reported in the pension plan 2012 financial statements, except for the Teachers Post-92 Pension Plan and the UAPP which use numbers as reported in actuarial reports.

(b) Under Public Sector Accounting Standards, losses are amortized over the employee expected average remaining service life of the employees of each plan, which ranges from eight to eleven years.

(c) Accounting timing differences from January 1, 2013 to March 31, 2013 for payments and interest expense.

(d) Others includes the Supplementary Retirement Plan for Public Service Managers, Provincial Judges and Masters in Chambers Pension Plan and Supplementary Executive Retirement Plans.

The pension expense for the Province is as follows:

	LAPP	MEPP	PSPP	Teachers' Pension Plan Pre-92	Teachers' Pension Plan Post-92	UAPP	Others[(c)]	Total 2013	Total 2012
				(In millions)					
Pension Expense									
Current period benefit cost [(a)]	$ 1,384	$ 119	$ 352	$ -	$ 390	$ 69	$ 26	$ 2,340	$ 2,168
Amortization of actuarial gains and losses[(b)]	426	41	231	186	159	24	44	1,111	1,340
Total	$ 1,810	$ 160	$ 583	$ 186	$ 558	$ 93	$ 70	$ 3,460	$ 3,508
Province of Alberta share of pension expense	$ 620	$ 97	$ 258	$ 186	$ 279	$ 93	$ 64	$ 1,597	$ 1,750
Interest Expense									
Interest on pension liability [(b)]	68	13	46	347	54	28	39	595	666
Total Province of Alberta pension related expenses	$ 688	$ 110	$ 304	$ 533	$ 333	$ 121	$ 103	$ 2,192	$ 2,416

(a) As reported in pension plan financial statements or actuarial reports. Numbers in UAPP are net of employees' share.

(b) Except for Special Forces Pension Plan, numbers are adjusted to March 31, 2013.

(c) Others includes the Supplementary Retirement Plan for Public Service Managers, Provincial Judges and Masters in Chambers Pension Plan, Special Forces Pension Plan and Supplementary Executive Retirement Plans.

Pension liabilities are based upon actuarial valuations performed at least triennially using the projected benefit method prorated on services and actuarial extrapolations performed at December 31, 2012 or March 31, 2013. The assumptions used in the valuations and extrapolations were adopted after consultation between the pension plan boards, the government and the actuaries, depending on the plan, and represent best estimates of future events. The non-economic assumptions include considerations such as mortality as well as withdrawal and retirement rates. The primary economic assumptions include salary escalation rate, discount rate and inflation rate. Each plan's future experience will inevitably vary, perhaps significantly, from the assumptions. Any differences between the actuarial assumptions and future experience will emerge as gains or losses in future valuations. Gains and losses are amortized over the expected average remaining service lives of the related employee groups.

The date of actuarial extrapolation and primary economic assumptions used for accounting purposes were:

Plan	Latest Valuation Date	Latest Extrapolation Date	Salary Escalation Rate %	Inflation Rate %	Discount Rate [a] %
Teachers' Pre-1992 Pension Plan	August 2012	March 2013	3.50	2.25	4.25
Teachers' Post-1992 Pension Plan	August 2012	March 2013	3.50	2.25	6.50
Public Service Management (Closed Membership) Pension Plan	December 2011	December 2012	-	2.25	4.25
Universities Academic Pension Plan	December 2010	March 2013	3.50	2.25	6.20
Local Authorities Pension Plan	December 2011	December 2012	3.50	2.25	5.80
Public Service Pension Plan	December 2011	December 2012	3.50	2.25	6.40
Members of the Legislative Assembly Pension Plan	March 2012	March 2013	-	2.25	4.25
Management Employees Pension Plan	December 2009	December 2012	3.50	2.25	6.30
Provincial Judges and Masters in Chambers Pension Plan	December 2008	March 2012	3.50	2.25	5.80
Supplementary Retirement Plan for Public Service Managers	December 2009	December 2012	3.50	2.25	5.50
Special Forces Pension Plan	December 2011	December 2012	3.50	2.25	6.20

[a] The discount rate is the expected rate of return for plans with assets and is also the discount rate used to measure the actuarial liability.

The actual return on major funded plans' assets during the period ranges from 7.8% to 12% (2011-12: 2.1% to 7.8%). This range includes returns for LAPP, Teachers' Post-1992 Plan, PSPP, MEPP, SFPP, and UAPP.

A separate pension plan fund is maintained for each pension plan except for the Teachers' Pre-1992 Pension Plan and the Members of the Legislative Assembly Pension Plan. Each pension plan fund reports annually through financial statements.

Government business enterprises have recorded pension liabilities accounted for under International Financial Reporting Standards of $185 million (2012: $195 million) comprised of $148 million (2012: $124 million) for employees in the Public Service Pension Plan, Management Employees Pension Plan and the Supplementary Retirement Plan for Public Service Managers and $37 million (2012: $71 million) in other pension plans.

Long Term Disability Income Continuance Plans

The government administers two long-term disability income continuance plans. As at March 31, 2013, the Bargaining Unit Plan reported an actuarial surplus of $51.7 million (2012: surplus of $9.1 million) and the Management, Opted Out, and Excluded Plan reported an actuarial surplus of $18.3 million (2012: surplus of $10.5 million). At March 31, 2013, the government's share of the estimated accrued benefit liability for these plans has been recognized in these financial statements.

	General Capital Assets						Infrastructure Assets					2013 Total	2012 Total
	Land (a)	Buildings (b)	Computer hardware and software	Equipment (c)	Other (d)	Sub Total	Land improvements (e)	Provincial highways, roads and airstrips (f)	Bridges	Dams and water management structures (g)	Sub Total		
Estimated Useful Life	Indefinite	10-50 yrs	3-10 yrs	3-40 yrs	3-50 yrs		10-40 yrs	20-50 yrs	50 yrs	25-80 yrs			
							In millions						
Historical Cost													
Beginning of year	$ 2,350	$ 29,042	$ 3,623	$ 5,173	$ 1,429	$ 41,617	$ 397	$ 16,335	$ 1,811	$ 1,362	$ 19,905	$ 61,522	$ 57,334
Additions	56	1,229	466	460	114	2,325	28	1,292	138	21	1,479	3,804	4,387
Transfers and adjustments (h)	-	3	(17)	26	(38)	(26)	-	2	(2)	26	26	-	25
Disposals including write-downs	(3)	(77)	(107)	(193)	(19)	(399)	(15)	(41)	(24)	(26)	(106)	(505)	(224)
	2,403	30,197	3,965	5,466	1,486	43,517	410	17,588	1,923	1,383	21,304	64,821	61,522
Accumulated Amortization													
Beginning of year	-	10,148	2,461	3,200	794	16,633	214	4,052	428	365	5,059	21,692	19,996
Amortization expense	-	760	334	391	89	1,574	10	363	41	18	432	2,006	1,841
Transfers and adjustments	-	-	(19)	7	(15)	(27)	-	-	-	-	-	(27)	13
Effect of disposals including write-downs	-	(48)	(77)	(174)	(15)	(314)	-	(4)	(1)	-	(5)	(319)	(158)
	-	10,860	2,699	3,454	853	17,866	224	4,411	468	383	5,486	23,352	21,692
Net Book Value at March 31, 2013	$ 2,403	$ 19,337	$ 1,266	$ 2,012	$ 633	$ 25,651	$ 186	$ 13,177	$ 1,455	$ 1,000	$ 15,818	$ 41,469	
Net Book Value at March 31, 2012	$ 2,358	$ 18,885	$ 1,163	$ 1,942	$ 636	$ 24,984	$ 183	$ 12,283	$ 1,383	$ 997	$ 14,846		$ 39,830

(a) Land includes land acquired for parks and recreation, building sites, infrastructure and other program use. It does not include land held for resale or Crown lands acquired by right.

(b) Construction in progress includes $166 million financed under the Alberta School Alternative Procurement Initiative (2012: $251 million). The cost of buildings under capital lease is $140 million (2012: $140 million).

(c) Equipment includes SuperNet, vehicles, heavy equipment, fire protection equipment, office equipment and furniture, and other equipment.

(d) Other tangible capital assets include leasehold improvements (amortized over the life of the lease), rail cars and trailers.

(e) Land improvements include parks development and grazing reserves.

(f) Provincial highways and roads consist of original pavement, roadbed, drainage works and traffic control devices, and include secondary highways and bridges and some key arterial roadways within cities. Included in these numbers are $1,654 million in historical cost (2012: $1,421 million) and $71 million in accumulated amortization (2012: $46 million) for alternatively financed capital assets. The additions to work in progress related to new highway construction under Public Private Partnerships is $528 million (2012: $211 million).

(g) Dams and water management structures include dams, reservoirs, weirs, canals, dikes, ditches, channels, diversions, cut-offs, pump houses and erosion protection structures.

(h) Transfers and adjustments relate to post secondary institutions for accounting policy alignments and reclassifications between capital asset categories.

DEFERRED CAPITAL CONTRIBUTIONS — SCHEDULE 12

	2013
	In millions
Opening deferred capital contributions	$ -
Add: Adjustments for accounting policy change and deferred capital contributions expended in the current year	2,529
Less: Deferred capital contributions recognized as revenue in the current year	(117)
Closing deferred capital contributions	$ 2,412

GUARANTEES — SCHEDULE 13

	2013	2012	Date
	In millions		
Feeder Associations Guarantee Act	$ 47	$ 45	Ongoing
Agriculture Financial Services Act	2	6	Variable
Student Loan Act	1	2	Ongoing
	50	53	
Less estimated liability			
Guarantees	-	-	
	$ 50	$ 53	

Authorized loan guarantee limits are shown below where applicable. Where authorized loan guarantee limits are not noted, the authorized limits decline as guaranteed or indemnified loans are repaid.

Guarantee programs under the following Acts are ongoing:

- *Feeder Associations Guarantee Act* (authorized guarantee limit set by Order in Council is $55 million),
- *Agriculture Financial Services Act*, and
- *Student Loan Act*.

The lender takes appropriate security prior to issuing to the borrower a loan which is guaranteed by the Province. The security taken depends on the nature of the loan. Interest rates are negotiated with the lender by the borrower and typically range from prime to prime plus 2%.

The financial statements of the following entities are fully consolidated in these financial statements:

GOVERNMENT SECTOR ENTITIES

Offices of the Legislative Assembly

Support to the Legislative Assembly
Office of the Auditor General
Office of the Ombudsman
Office of the Chief Electoral Officer
Office of the Ethics Commissioner
Office of the Information and Privacy Commissioner
Office of the Child and Youth Advocate
Office of the Public Interest Commissioner [a]

Departments

Aboriginal Relations
Agriculture and Rural Development
Culture
Education
Energy
Enterprise and Advanced Education
Environment and Sustainable Resource Development
Executive Council
Health
Human Services
Infrastructure
International and Intergovernmental Relations
Justice and Solicitor General
Municipal Affairs
Service Alberta
Tourism, Parks and Recreation
Transportation
Treasury Board and Finance

Regulated Funds

Access to the Future Fund
Alberta Cancer Prevention Legacy Fund
Alberta Heritage Foundation for Medical Research Endowment Fund
Alberta Heritage Savings Trust Fund
Alberta Heritage Scholarship Fund
Alberta Heritage Science and Engineering Research Endowment Fund

Regulated Funds (continued)

Alberta Lottery Fund
Alberta Risk Management Fund
Alberta School Foundation Fund
Climate Change and Emissions Management Fund
Environmental Protection and Enhancement Fund
Historic Resources Fund
Land Stewardship Fund
Post-closure Stewardship Fund
Provincial Judges and Masters in Chambers Reserve Fund
Supplementary Retirement Plan Reserve Fund
Victims of Crime Fund

Provincial Agencies

Agriculture Financial Services Corporation
Alberta Capital Finance Authority
Alberta Enterprise Corporation
Alberta Foundation for the Arts
Alberta Historical Resources Foundation
Alberta Innovates - Bio Solutions
Alberta Innovates - Energy and Environment Solutions
Alberta Innovates - Health Solutions
Alberta Innovates - Technology Futures
Alberta Investment Management Corporation
Alberta Livestock and Meat Agency
Alberta Local Authorities Pension Plan Corp.
Alberta Pensions Services Corporation
Alberta Petroleum Marketing Commission
Alberta Securities Commission
Alberta Social Housing Corporation
Alberta Sport, Recreation, Parks and Wildlife Foundation
Alberta Transportation Safety Board
Alberta Utilities Commission
Calgary and Area Child and Family Services Authority
Central Alberta Child and Family Services Authority
East Central Alberta Child and Family Services Authority
Edmonton and Area Child and Family Services Authority
Energy Resources Conservation Board [b]
Human Rights Education and Multiculturalism Fund
Metis Settlements Child and Family Services Authority
Natural Resources Conservation Board
North Central Alberta Child and Family Services Authority
Northeast Alberta Child and Family Services Authority

Provincial Agencies (continued)

Northwest Alberta Child and Family Services Authority
Persons with Developmental Disabilities Calgary Region Community Board
Persons with Developmental Disabilities Central Region Community Board
Persons with Developmental Disabilities Edmonton Region Community Board
Persons with Developmental Disabilities Northeast Region Community Board
Persons with Developmental Disabilities Northwest Region Community Board
Persons with Developmental Disabilities South Region Community Board
Southeast Alberta Child and Family Services Authority
Southwest Alberta Child and Family Services Authority
The Government House Foundation
The Wild Rose Foundation
Travel Alberta

Government Organizations

Alberta Insurance Council
Gainers Inc.
N.A. Properties (1994) Ltd.
Safety Codes Council

CROWN-CONTROLLED SUCH SECTOR ORGANIZATIONS

School Jurisdictions and Charter Schools [63]

Almadina School Society
Aspen View Regional Division No. 19 (dissolved February 28, 2013)
Aspen View Public School Division No. 78 (established February 28, 2013)
Aurora School Ltd.
Battle River Regional Division No. 31
Black Gold Regional Division No. 18
Boyle Street Education Centre
Buffalo Trail Public Schools Regional Division No. 28
Calgary Arts Academy Society
Calgary Girls' School Society
Calgary Roman Catholic Separate School District No. 1
Calgary School District No. 19
Calgary Science School Society
Canadian Rockies Regional Division No. 12
CAPE-Centre for Academic and Personal Excellence Institute
Cardiff Roman Catholic Separate School District No. 684 (dissolved June 30, 2012)
Chinook's Edge School Division No. 73
Christ the Redeemer Catholic Separate Regional Division No. 3
Clearview School Division No. 71
Cunningham Roman Catholic Separate School District No. 704 (dissolved June 30, 2012)

School Jurisdictions and Charter Schools (continued)

East Central Alberta Catholic Separate Schools Regional Division No. 16
East Central Francophone Education Region No. 3
Edmonton Catholic Separate School District No. 7
Edmonton School District No. 7
Elk Island Catholic Separate Regional Division No. 41
Elk Island Public Schools Regional Division No. 14
Evergreen Catholic Separate Regional Division No. 2
Foothills School Division No. 38
Fort McMurray Public School District No. 2833
Fort McMurray Roman Catholic Separate School District No. 32
Fort Vermilion School Division No. 52
Foundations for the Future Charter Academy Charter School Society
Golden Hills School Division No. 75
Grande Prairie Roman Catholic Separate School District No. 28
Grande Prairie School District No. 2357
Grande Yellowhead Public School Division No. 77
Grasslands Regional Division No. 6
Greater North Central Francophone Education Region No. 2
Greater Southern Public Francophone Education Region No. 4
Greater Southern Separate Catholic Francophone Education Region No. 4
Greater St. Albert Catholic Regional Division No. 29 (dissolved June 30, 2012)
Greater St. Albert Roman Catholic Separate School District No. 734 (established June 30, 2012)
High Prairie School Division No. 48
Holy Family Catholic Regional Division No. 37
Holy Spirit Roman Catholic Separate Regional Division No. 4
Horizon School Division No. 67
Lakeland Roman Catholic Separate School District No. 150
Lethbridge School District No. 51
Living Waters Catholic Regional Division No. 42
Livingstone Range School Division No. 68
Medicine Hat Catholic Separate Regional Division No. 20
Medicine Hat School District No. 76
Mother Earth's Children's Charter School Society
New Horizons Charter School Society
Northern Gateway Regional Division No. 10
Northern Lights School Division No. 69
Northland School Division No. 61
Northwest Francophone Education Region No. 1
Palliser Regional Division No. 26
Parkland School Division No. 70
Peace River School Division No. 10
Peace Wapiti School Division No. 76

School Jurisdictions and Charter Schools (continued)

Pembina Hills Regional Division No. 7 (including Alberta Distance Learning Centre)
Prairie Land Regional Division No. 25
Prairie Rose School Division No. 8
Red Deer Catholic Regional Division No. 39
Red Deer Public School District No. 104
Rocky View School Division No. 41
St. Albert Protestant Separate School District No. 6 (dissolved June 30, 2012)
St. Albert Public School District No. 5565 (established June 30, 2012)
St. Paul Education Regional Division No. 1
St. Thomas Aquinas Roman Catholic Separate Regional Division No. 38
Sturgeon School Division No. 24
Suzuki Charter School Society
Valhalla School Foundation
Westmount Charter School Society
Westwind School Division No. 74
Wetaskiwin Regional Division No. 11
Wild Rose School Division No. 66
Wolf Creek School Division No. 72

Post Secondary Institutions

Alberta College of Art and Design
Athabasca University
Banff Centre
Bow Valley College
Grande Prairie Regional College
Grant MacEwan University
Keyano College
Lakeland College
Lethbridge College
Medicine Hat College
Mount Royal University
NorQuest College
Northern Alberta Institute of Technology
Northern Lakes College
Olds College
Portage College
Red Deer College
Southern Alberta Institute of Technology
University of Alberta
University of Calgary
University of Lethbridge

Alberta Health Services and Other Health Entities

Alberta Cancer Foundation
Alberta Health Services
Calgary Health Trust
Health Quality Council of Alberta

The following organizations are accounted for on the modified equity basis in these financial statements:

Government Business Enterprises

Alberta Gaming and Liquor Commission
ATB Financial
Credit Union Deposit Guarantee Corporation

(a) The Office of the Public Interest Commissioner will be created as a new Office of the Legislative Assembly on June 1, 2013 by the proclamation of the *Public Interest Disclosure Act*.

(b) Upon proclamation of the *Responsible Energy Development Act* in June 2013, the newly established Alberta Energy Regulator will supersede the Energy Resources Conservation Board (ERCB). The ERCB will be dissolved and all its assets, liabilities, obligations, commitments and contingencies will be transferred to the Alberta Energy Regulator.

(c) Under various Acts and other legislative authorities there were in year changes to school jurisdictions in Alberta.

GLOSSARY

Absolute return strategies: Absolute return strategies (hedge funds) encompass a wide variety of investments with the objective of realizing positive returns regardless of the overall market direction. A common feature of many of these strategies is buying undervalued securities and selling short overvalued securities. Some of the major types of strategies include long/short equity, merger arbitrage, fixed income arbitrage, macroeconomic strategies, convertible arbitrage, distressed securities and short selling.

Accrued interest: Interest income that has been earned but not paid in cash at the financial statement date.

Alternative investments: Investments considered outside of the traditional asset class of stocks, bonds and cash. Examples include hedge funds, private equities, private income, timberland and asset-backed commercial paper.

Amortized cost: Amortized cost is the amount at which a financial asset or a financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or uncollectability.

Ask price: The price a seller is willing to accept for a security, also known as the offer price.

Asset mix: The percentage of an investment fund's assets allocated to major asset classes (for example 50% equities, 30% interest-bearing securities and 20% inflation sensitive and alternative investments).

Bid price: The price a buyer is willing to pay for a security.

Call provision: An option included in a bond that gives the bond issuer the right to buy back all or part of a bond issue prior to maturity.

Cash equivalents: Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and that are subject to insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short term cash commitments rather than for investing or other purposes.

Counterparty risk: The risk that the other party in an agreement will default.

Credit risk: The risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Currency risk: The risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Debenture: A financial instrument showing a debt where the issuer promises to pay interest and repay the principal by the maturity date. It is usually unsecured, meaning there are no liens or pledges on specific assets.

Debt servicing cost: Debt servicing costs consists of interest paid on various forms of government debt.

Deferred capital contribution: The unamortized portion of tangible capital assets or liabilities to construct or acquire tangible capital assets from specific purpose funding received from the Government of Canada or by donation. Deferred capital contributions are recorded in revenue over the estimated useful life of the underlying tangible capital assets once constructed or acquired by the Province.

Defined benefit pension plan: A pension plan that specifies either the benefits to be received by an employee, or the method of determining those benefits, such as a pension benefit equal to two percent of the average of the five highest consecutive years' salary times the total years of service.

Derecognition: The removal of previously recognized financial assets or financial liabilities from a government's statement of financial position.

Derivative contract: Financial contracts, the value of which is derived from the value of underlying assets, indices, interest rates, or currency rates. They usually give rise to a financial asset of one party and a financial liability or equity instrument of another party, require no initial net investment, and are settled at a future date.

Discount: The difference between the price paid for a security and the security's par or face value. Because price fluctuates with interest rates, price will differ from the face value. For example, if interest rates are higher than the coupon rate, then the security is sold at a discount.

Emerging market: An economy in the early stages of development, with markets of sufficient size and liquidity, and receptive to foreign investment.

Endowment funds: Endowment funds generally are established by donor gifts and bequests to provide a permanent endowment, which is to provide a permanent source of income, or a term endowment, which is to provide income for a specified period. The endowments may or may not be restricted in how they are used.

Fair value: The amount of consideration agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act. Fair value is similar to market value.

Financial asset: An asset that could provide resources to pay liabilities or finance future operations. A financial asset could be cash, a right to receive cash or another financial asset from another party, a right to exchange financial instruments with another party under conditions that are potentially favourable, or equity of another entity.

First-in, first-out: A method of valuing inventory where the cost of the first goods purchased or acquired is the cost assigned to the first goods sold. Therefore, the cost allocated to the inventory items on hand at the end of the period is the cost of those items most recently acquired.

Fixed income instrument: Interest bearing instrument that provides a return in the form of fixed periodic payments and eventual return of principal at maturity, or money market instrument such as treasury bills and discount notes.

Floating rate: An interest rate that is reset periodically, usually every couple of months or sometimes daily.

Hedging: An activity designed to manage exposure to one or more risks. When management designates a hedging relationship, it must identify the specific items included in the hedging relationship, the risk that is being hedged, and the period over which the hedging relationship is intended to be effective. The designation of the hedging relationship is documented formally in the entity's records when designation occurs.

Interest rate risk: The risk that the fair value or future cash flows of a financial instrument will fluctuate because of future changes in market interest rates.

Leveraging: The use of various financial instruments or borrowed capital to increase the potential return of an investment.

Liquidity: The ease with which an asset can be turned into cash and the certainty of the value it will obtain.

Market risk: The risk that the fair value or future cash flows of a financial instrument will fluctuate because of future changes in market prices.

Net realizable value: The selling price less the estimated costs of completion and costs necessary to make the sale.

Par value: A value set as the face or principal amount of a security, typically expressed as multiples of $100 or $1,000. Bondholders receive par value for their bonds at maturity.

Prepaid expenses: An expenditure that is paid for in one accounting period, but which will not be entirely consumed until a future period. Consequently, it is carried on the Consolidated Statement of Financial Position as an asset until it is consumed.

Present value: Today's value of one or more future cash payments, determined by discounting the future cash payments using interest rates.

Price risk: The risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

Private equity: An ownership interest in a privately held company.

Public equity: An ownership interest in a publicly traded company.

Public private partnership (P3): A legally-binding contract between the Province and one or more public or private partners for the provision of assets and the delivery of services that allocates responsibilities and business risks among the various partners.

Realized gains and losses: Gains or losses are realized when investments are sold at a price over or below its book value and selling costs.

Refinancing risk: The risk that the fair value or future cash flows of a financial instrument will fluctuate due to refinancing.

Repurchase agreement (Repo): An agreement between two parties whereby one party sells the other a security at a specified price with a commitment to buy the security back at a later date for another specified price.

Segment: A distinguishable activity or group of activities of a government for which it is appropriate to separately report financial information to help users of the financial statements identify the resources allocated to support the major activities of the government.

Temporary loss: Determining when a loss is other than temporary is a matter of judgment, but it is generally presumed if a condition indicating a loss in value has persisted for a period of three or four years.

Unmatured debt: Unredeemed Government securities that have not matured and that are issued in respect of money raised under section 56(1) of the *Financial Administration Act*, and the total outstanding borrowings of Alberta Social Housing Corporation.

Yield curve: A graphic line chart that shows interest rates at a specific point for all securities having equal risk, but different maturity dates.

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MEASURING UP

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MANAGEMENT'S RESPONSIBILITY FOR REPORTING

Responsibility for the integrity and objectivity of the non-financial performance results reported in the province's annual performance report *Measuring Up*, a component of the Province of Alberta Annual Report, rests with the government. *Measuring Up* is prepared by the Assistant Deputy Minister of Budget Development and Reporting under the general direction of the Deputy Minister of Treasury Board and Finance as authorized by the President of the Treasury Board and Minister of Finance pursuant to Section 10 of the *Government Accountability Act* in effect March 31, 2013.

Under Section 10, the government had to prepare and make public on or before June 30 of each year a consolidated annual report for the Province of Alberta for the fiscal year ended on the preceding March 31. The annual report must include a comparison of the actual performance results to the targets included in the government business plan and an explanation of any significant variances. As required by the *Government Accountability Act*, *Measuring Up* is published with the consolidated annual report of the Government of Alberta that forms part of the Public Accounts.

In order to meet government reporting requirements, the Assistant Deputy Minister of Budget Development and Reporting obtains performance results relating to each ministry as necessary. Deputy heads in each ministry are responsible for maintaining management and internal control systems to ensure that the information provided by their ministry for presentation in *Measuring Up* is prepared in accordance with the following criteria:

- **Reliability**— information used in applying performance measure methodologies agrees with underlying source data for the current and prior years' results.
- **Understandability**—the performance measure methodologies and results are presented clearly.
- **Comparability**—the methodologies for performance measure preparation are applied consistently for the current and prior years' results.
- **Completeness**—goals, performance measures and related targets match those included in *Budget 2012*.

Measuring Up is reviewed by the Audit Committee, which is established under the *Auditor General Act*. The Audit Committee advises the Lieutenant Governor in Council on the scope and results of the Auditor General's audit of *Measuring Up*. The Auditor General of Alberta provides an independent report on the verification of completeness, reliability, comparability and understandability of 10 of 32 performance measures published in *Measuring Up*, which are prepared by the government. The 10 audited performance measures are identified in *Measuring Up* with (audited). Annually, *Measuring Up* is tabled in the Legislature as a part of the Public Accounts and is referred to the Standing Committee on Public Accounts of the Legislative Assembly.

Performance measures for each goal were selected for audit based on a combination of characteristics including: best represented the goal and mandated initiatives; had well established methodology and reporting of data; and had outcomes over which the government had a greater degree of influence.

Original signed by

Annette Trimbee
Deputy Minister of Treasury Board and Finance
June 19, 2013

READERS' GUIDE

Measuring Up is part of the Alberta government's commitment to be open and accountable to the people of Alberta. It endeavours to go beyond the reporting of financial information by answering the questions: what did the government achieve with the dollars spent and did the government make progress toward achieving its goals?

Answering these questions is accomplished by comparing the results of performance measures to targets and reporting on progress made on key priorities identified under the seven goals of the *2012-15 Government of Alberta Strategic Plan*. When comparing targets to results, readers will notice that sometimes targets do not correspond directly with a measure's previous or current results. Targets may be set before these results are known or are based, not on projected results, but instead, for example, on public expectations or comparisons to the results that other organizations have achieved.

Measuring Up contains results analysis by goal, results-based budgeting update reports, performance measure report tables for each goal, the Auditor's Report on selected performance measures and sources and notes. This year's *Measuring Up* also provides some forward looking information to set the context for the government's overall strategic direction and foreshadow the work we are continuing to do to achieve the outcomes that Albertans want.

These outcomes are part of the government's Building Alberta Plan: investing in families and communities, including new roads, schools and health facilities; living within the province's means by challenging every dollar the government spends and making sure every program continues to deliver real results for people; and building new markets for the province's resources, obtaining the fairest price and protecting the jobs and prosperity Albertans depend on. Government is putting the Building Alberta Plan into action through a number of different initiatives which are outlined in the annual report.

To achieve its outcomes, the government has identified where special attention, discipline and effort are required to drive meaningful change and results. They are:

- early childhood development;
- primary health care;
- education and entrepreneurship;
- re-balancing the fiscal framework;
- an integrated resource management system; and,
- expanded market access for Alberta products.

WORKING TOGETHER

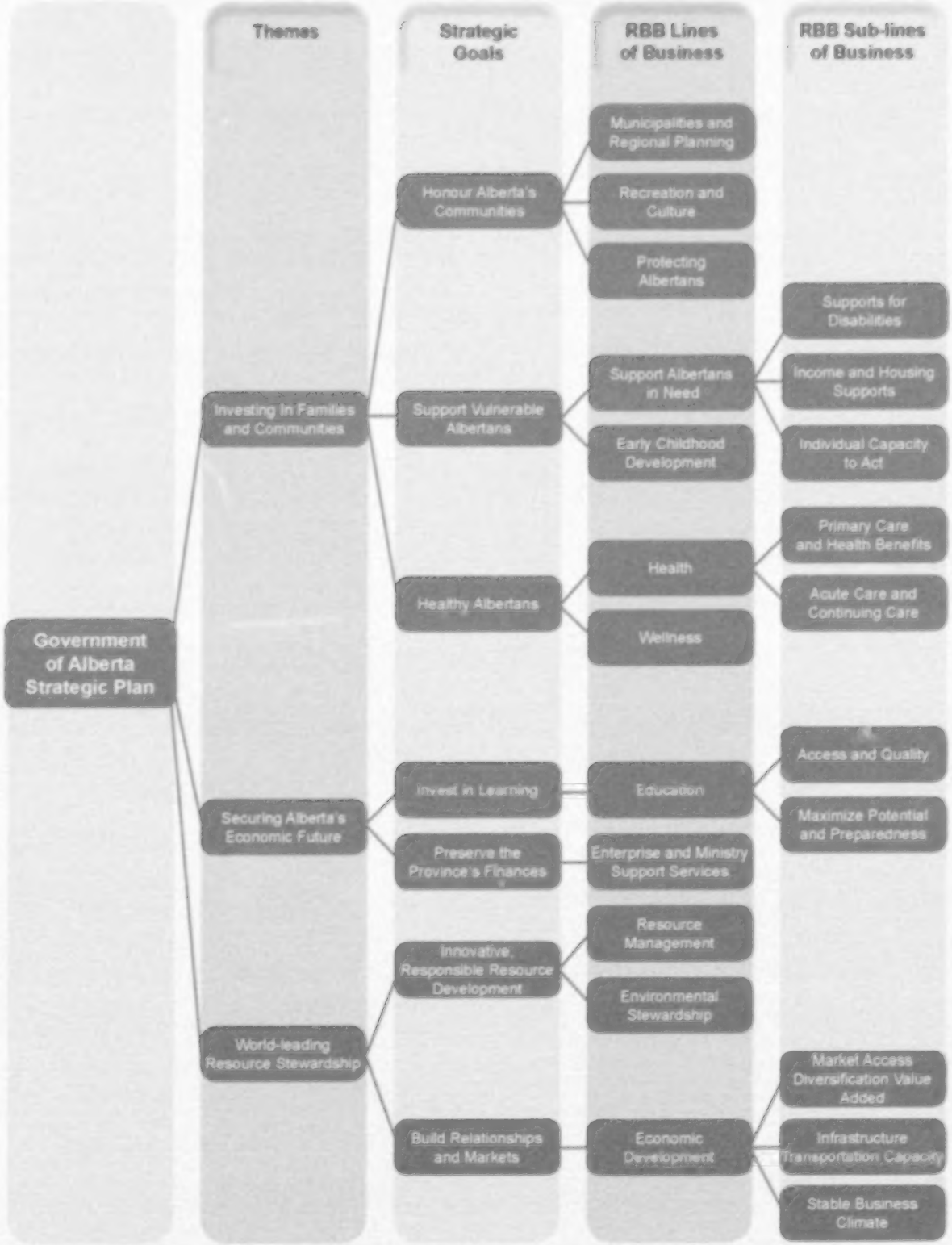
The Alberta Public Service (APS) delivers government programs and services that matter to Albertans.

By living our values, embracing innovation and proudly working together, APS members are driving a transformation in the way we work, positioning our organization for success, and delivering responsible change for Albertans.

Given the complexity and change inherent in our environment now and into the future, it is essential that we continue to review and renew our leadership practices, learning and engagement skills, business processes and communication with each other – in essence, "how we work" – to ensure excellence right across the APS.

GOVERNMENT OF ALBERTA STRATEGIC PLANNING AND RESULTS-BASED BUDGETING (RBB) FRAMEWORK

(Figure 1)



2012–13 Government Goal and Key Accomplishments

For 2012-13, Premier Alison Redford issued mandate letters to her Cabinet calling on ministers to work together as one team to deliver results for Albertans. These letters highlighted key actions ministers needed to carry out for Albertans and set out the cooperative and transparent way they would work together as a Cabinet team.

The ministers' mandate letters outlined a plan for government which included actions such as designing a plan for family care clinics, establishing stable funding for education and municipalities, consulting with Albertans on legislation and taking national leadership on energy efficiency and sustainability.

The mandate accomplishments described in this section appeared in the 2012-15 Government of Alberta Strategic Plan and are referred to in *Measuring Up* as "key accomplishments." The plan is available on the Government of Alberta's *Budget 2012* website.

For more information on the ministers' mandates and reports on the other priorities of government in 2012-13, readers can find annual reports for all government ministries online at www.finance.alberta.ca.

Results-Based Budgeting (RBB)

This year's *Measuring Up* introduces results-based budgeting to the government's strategic planning and reporting publications. The *Results-Based Budgeting Act* became law in February 2012. It is an initiative that will link government program and service outcomes to financial planning. Results-based budgeting (RBB) prioritizes the allocation of government resources to ensure that relevant programs and services are meeting their intended outcomes; and, are being delivered in the most effective and efficient way possible.

Over the past year, work has been underway to develop an RBB process, create a schedule, and recruit members of the public to participate in line of business reviews. At this time, about one-third of all programs and services have been reviewed through the process. A brief overview and status update of the lines of business (Figure 1) are presented for each of the government's three themes in 2012-13:

- Investing in Families and Communities;
- Securing Alberta's Economic Future; and,
- Advancing World-leading Resource Stewardship.

INVESTING IN FAMILIES AND COMMUNITIES: Supporting healthy and strong families and communities is an investment in Albertans and Alberta's future

Three of the government's seven strategic goals fall under the Investing in Families and Communities theme:

- **Strategic Goal One:** Honour Alberta's Communities
- **Strategic Goal Two:** Support Vulnerable Albertans
- **Strategic Goal Three:** Healthy Albertans

There are many successes to celebrate for 2012-13. From growing Alberta's tourism industry to supporting community-based crime prevention projects, the Government of Alberta remains committed to investing in Alberta's families and communities. As part of this commitment, the government is reviewing programs and services aimed at supporting healthy and strong families and communities to ensure it is achieving the outcomes that Albertans want.

STRATEGIC GOAL ONE. **Honour Alberta's Communities:** Our communities are safe, prosperous, welcoming, culturally diverse and desirable places to live or destinations to visit.

2012–13 Key Accomplishments

Municipal Sustainability Initiative

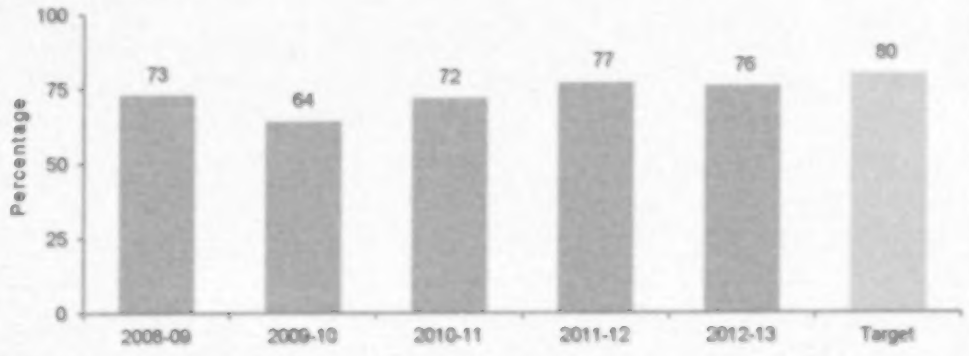
Municipalities need stable funding in order to provide essential local services to Albertans. The Municipal Sustainability Initiative (MSI) provides significant financial support to municipalities for infrastructure and is the province's key initiative for strengthening the municipal sector.

Under this initiative, government has maintained infrastructure grant funding levels to municipalities. Municipalities received $849 million in MSI capital funding in 2012-13.

In 2012, in response to the minister's mandate to review and assess the MSI, program changes were made to broaden the scope of eligible projects and reduce documentation requirements for program applications.

Albertans' Satisfaction with their Local Governments

Percentage satisfied.



Source: Municipal Affairs

Results Analysis: Local governments provide many of the services such as roads, local infrastructure and waste disposal that have a direct impact on the lives of citizens. Satisfaction results reflect how well Albertans' feel these progams and services are delivered.

Tourism Development

In 2012-13, the tourism levy totalled almost $82 million, an increase of approximately 13 per cent compared to 2011-12. This increase is indicative of greater levels of activity by Albertans and other visitors travelling around the province using accommodations like hotels, motels, bed and breakfasts or similar establishments. The province, other levels of government, partners and industry worked to grow tourism by addressing the need for the development and marketing of tourism experiences, products and destinations across the province.

For example, the government and the tourism industry supported an innovative, collaborative tourism model piloted by the Canadian Badlands. This not-for-profit corporation represents the interests of 65 municipalities and is integrating tourism destination development, management and marketing across the 90,000 square kilometre region in southeast Alberta. Support was also provided for developing a world-class trail head at Canmore Visitor Information Centre by linking it to the Rocky Mountain Legacy Trail. Planned work will create a four-season destination with opportunities for cycling, walking or running at the recreational and competitive level.

Through sport tourism events, the province attracts visitors, raises awareness of Alberta as a sport destination, generates new tourism business and increases international recognition for the province's active communities, people and natural landscapes. The Alberta government piloted the viability of using competitive sport tourism to maximize its contribution to Alberta's economy at the International Ski Federation Cross Country World Cup in Canmore. In total, the government provided $895,000 in support of the Alberta World Cup 2012. This included $200,000 from Travel Alberta to the Alberta World Cup Society to produce the opening sequence broadcast presenting Alberta's communities, people and natural landscapes to the thousands of spectators in Canmore and reaching an estimated television audience of over 30 million viewers around the world. Support included Canmore Business and Tourism receiving funding to launch a new Canmore Nordic Festival adding a festival atmosphere and showcasing Aboriginal performers and local artists as well as culinary experiences provided by local restaurants.

Safe Communities (SafeCom)

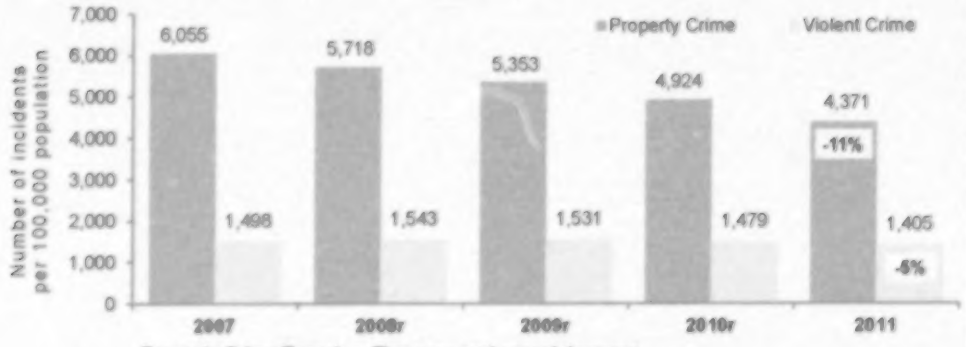
Alberta's Crime Prevention Framework takes a broad, integrated approach to creating safe communities which balances prevention, treatment and enforcement. The main areas of focus under SafeCom have been gang reduction, marijuana grow operations, Aboriginal justice, addressing mental health issues in the justice system, innovative legislation, and integrated justice (the integration of case-management, rehabilitative, treatment and support services aimed at reducing re-offending).

Safe Communities Innovation Fund

The $60 million Safe Communities Innovation Fund (SCIF) was established in 2008 and has funded a total of 88 community-based crime prevention pilot projects. SCIF was discontinued in *Budget 2013* but existing SCIF grant agreements are being honoured.

Crime Rates

Rate of property and violent crime per 100,000 population.



Property Crime Target = Three per cent annual decrease
Violent Crime Target = One per cent annual decrease
r = revised

Source: Canadian Crime Statistics, Canadian Centre for Justice Statistics

Results Analysis: The aging population and relatively high employment and education rates are factors in the declining crime rate. In addition, successful public education and information programs, policing, crime prevention, and correctional services are a positive influence.

STRATEGIC GOAL TWO. **Support Vulnerable Albertans:** Our most vulnerable Albertans are protected and supported so they can reach their full potential.

2012–13 Key Accomplishments

Social Policy Framework

In 2012, the government invited Albertans to share their ideas about how social policy can achieve better outcomes for children, families, individuals and communities. Public engagement processes provided Albertans with opportunities online and at community-led discussions to help create a framework that would guide decisions about the relevance and effectiveness of social policies and programs.

On February 28, 2013, Premier Redford was joined by Cabinet members, community and business leaders, and stakeholders to adopt Alberta's Social Policy Framework. The framework will guide government and community partners to better address social challenges such as poverty, addiction, family violence and child care. It supports transformational change and envisions a renewal of social policy with a system-wide focus on shared responsibility, collaboration and transparency.

Over the course of six months in 2012, more than 31,000 Albertans participated in a two-phase engagement process that brought together Aboriginal Elders, business leaders, communities, non-profit organizations, service delivery agencies, municipalities, elected officials, and Government of Alberta staff.

A report on the public engagement, Summing Up: Albertans' Perspectives for a Social Policy Framework is available to read on the main Social Policy Framework site at www.socialpolicy.alberta.ca.

The intended outcomes of the Social Policy Framework are for all Albertans to be:

- **Safe**—Live free from fear of abuse and violence;
- **Healthy**—Achieve the highest attainable standards of health and well-being.
- **Secure and Resilient**—Support themselves and their households through safe work and career opportunities, with access to effective income supports when in financial need;
- **Lifelong Learners**—Develop the knowledge, skills, and commitment to learning necessary to realize their potential and participate in society;
- **Included**—Feel welcomed in the communities where they live, learn, and work; and
- **Active and Engaged**—Explore opportunities to participate in recreational activities and cultural experiences, and to engage in society.

The framework will evolve over time. While it is intended as a tool to guide government and community efforts in social policy for the next 10 to 15 years, it is also meant to be a subject of open dialogue to ensure that it responds to social change as it occurs.

Information Sharing Strategy (ISS)

Sharing information both internally in government and with service agencies is necessary to make effective and efficient decisions for the health, education and safety of children and families. The purpose of ISS is to provide the best outcomes for children and families through collaboration and the controlled sharing of personal and health information.

Development of the strategy is complete and implementation planning is underway. The objectives of the strategy are that information will be shared when reasonable and necessary unless specifically prohibited; client information will be shared as appropriate across the GoA and with external organizations to support effectiveness and efficiency; accountability for information management will be in place and understood by all parties; risk around sharing information will be acknowledged and managed within the human services sector and that information will be shared while respecting privacy.

Phase one of the strategy's implementation, which is expected to take two years, covers the ministries of Human Services, Health and Education, and their respective service delivery partners. Phase two, which is expected to take another three years, will extend to other relevant government ministries and stakeholders.

The government consulted with stakeholders on how barriers to information-sharing impact their capacity to make the best decisions for children and families. Summaries of the consultation discussions are available online at www.socialpolicy.alberta.ca.

Assured Income for the Severely Handicapped (AISH)

AISH provides financial and health-related assistance to eligible adults with a disability. The disability must be permanent and substantially limit the person's ability to earn a living. The monthly average caseload for the AISH program was over 45,000 during the 2012-13 fiscal year.

In 2012, government committed to increasing the monthly living allowance and employment income exemptions for clients of the AISH program. Effective April 1, 2012, the maximum AISH financial benefit was increased by $400 per month from $1,188 to $1,588. The thresholds for the employment income exemptions were also doubled from $400 to $800 per month for single clients

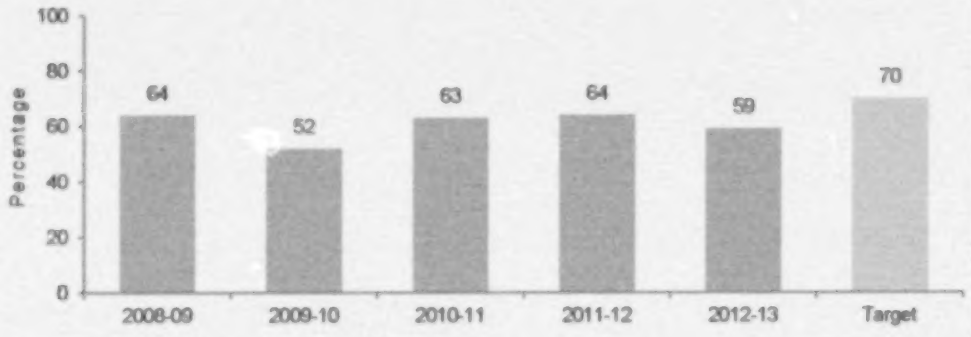
and from $975 to $1,950 per month for AISH clients with co-habiting partners and/or dependent children.

Increased exemptions for employment income allow individuals to work to the extent they are able to while maintaining the support they receive through AISH. Participation in the workforce not only increases income, but facilitates independence and builds connections to the community.

Income Support

The purpose of the Income Support program is to help Albertans be as independent as possible, move to employment and stay in the labour force. The program's success at achieving this has been relatively stable over the last several years. Prior education, work experience and a range of barriers affecting participants are all important factors impacting the program's success. Those that stopped receiving Income Support without obtaining employment often have transitioned to training programs, entered new partnerships or received support from other sources (CPP, EI and disability-related income). Many participants in Income Support face multiple barriers and require more support to succeed in long-term attachment to the labour market.

Support for Albertans with Low Income who need Temporary Help
Percentage of participants employed after leaving Income Support.



Source: Employment, Immigration and Industry Canada

Results Analysis: The decrease in the percentage of participants employed after leaving income support in 2012-13 is in part due to the significantly larger proportion of clients who have been on the program for 17 or more months in 2012-13 compared to the two previous years. These longer-term clients face more barriers to full employment than others.

STRATEGIC GOAL THREE. **Healthy Albertans**: A health system where Albertans have the supports they need to lead healthy lives.

2012–13 Key Accomplishments

Primary Health Care

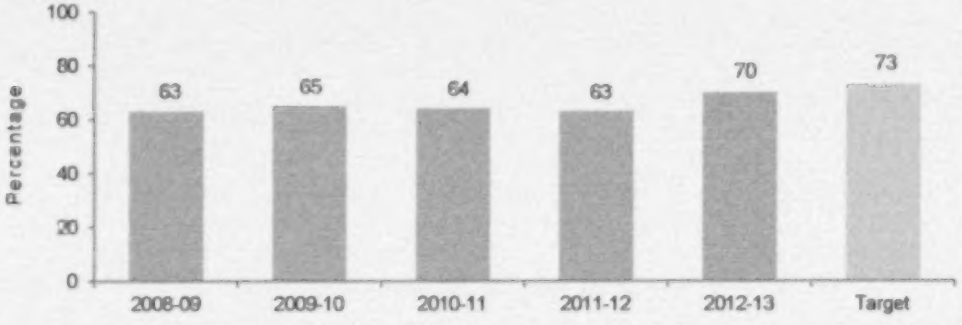
The Alberta government has several initiatives underway to improve primary health care. In April 2012, three pilot Family Care Clinics (FCCs) opened in Edmonton, Calgary, and Slave Lake. Initial evaluations of the three FCC sites indicate approximately 4,000 previously unattached Albertans are now attached to a FCC. All FCC clients have access to interdisciplinary teams to better manage their care.

In January 2013, work began on further evolving the highly successful Primary Care Network model. Government began work with the Primary Care Alliance and Alberta Health Services to develop a plan for the future evolution of Primary Care Networks, to provide individuals with a more standard and broader range of services from Primary Care Networks.

The Health Minister's Advisory Committee on Primary Health Care includes stakeholders from major health professional associations and colleges and facilitates ongoing consultations with key stakeholders. The Primary Health Care Strategy Working Group is informing the development of a Primary Health Care Strategy to guide long-term evolution of primary health care in Alberta.

Public Rating of Health System Overall

Rating as excellent or good.



Source: Health

Results Analysis: Improved ratings of the health system overall may be due, in part, to primary health care access improvements, reductions in wait times for elective surgeries, and improved patient experiences with the quality of health care services received.

Seniors and Continuing Care

Continuing Care Centres are congregate living accommodations which will provide multiple levels of care and accommodation in one setting. The focus of these centres is on individuals and adjusting the health care, personal care and accommodation services to meet their changing needs and help them maintain an exceptional quality of life while aging-in-place. This innovative model will reduce or prevent seniors and persons with disabilities from having to move to another facility if their care needs change. Continuing Care Centre demonstration sites in Calgary and Red Deer are expected to be operational in early 2014.

Government maintained its commitment to expand continuing care spaces. Since March 2010, over 3,000 spaces have been added, leaving about 2,300 remaining to achieve the 5-year target of 5,300 by March 2015.

Chiropractic services were added to Alberta Seniors' health benefit coverage. Those enrolled in the *Coverage for Seniors* health benefit plan receive $25 per visit towards chiropractic services, to a maximum of $200 per annual benefit period.

Income exemption and thresholds were adjusted in June 2012 for the Alberta Seniors Benefit program. As a result, qualifying income thresholds were raised to ensure seniors' benefits are not negatively affected by increases to federal seniors' benefits.

Passed by the Alberta Legislature in March 2012, the *Seniors Property Tax Deferral Act* facilitated the introduction of the Seniors Property Tax Deferral Program which allows senior homeowners to apply for a low-interest loan through the Alberta government to defer all or part of their property taxes. The program began in May 2013.

Addictions and Mental Health

In October 2012, two 20-bed units were opened at Alberta Hospital Edmonton; Young Adult Evaluation, Treatment and Reintegration Services serving 17 to 24 year olds transitioning to adult services from child and adolescent services and Alternate Level of Care Transition Services serving adult patients from acute care psychiatry in-patient units in the Edmonton Zone.

The province announced a new Tobacco Reduction Strategy for 2012-22 to further protect young Albertans from tobacco and provide more support to help Albertans quit using tobacco products. The strategy serves as the provincial strategic framework for tobacco control for the next 10 years.

Government contributed $5 million to enhance existing addiction and mental health services for homeless Albertans in Edmonton, Calgary and Lethbridge as part of the Addiction and Mental Health Strategy.

The province expanded mental health and campus addiction services for post-secondary students at the University of Alberta, University of Calgary and University of Lethbridge. Funding was announced to support developing models of care that can be used on campuses across Alberta.

Pharmaceuticals

In Alberta, the costs for generic drugs have been reduced significantly in recent years. Further changes to generic drug pricing became effective July 1, 2012, when the Alberta government reduced the price it pays for all generic drugs from 45 per cent to 35 per cent of the comparable brand drug price.

Health Promotion and Disease Prevention

The province expanded their immunization program in July 2012 to include a second dose of the chickenpox vaccine for children between the ages of four and six. In 2012-13, Albertans had more health professionals and more locations offering influenza immunization than ever before. Almost 900,000 Albertans were immunized over a six-week period. The number of pharmacists and other community partners offering the influenza vaccine to Albertans doubled in 2012-13.

As of July 1, 2012, changes were made to benefits under the Alberta Monitoring for Health Program. The benefit for low-income insulin-treated Albertans under age 65 was increased and a new benefit was added for Alberta women with insulin-treated gestational diabetes, who have no insurance coverage for basic diabetes supplies. Also, basic diabetic supply coverage for 7,700 insulin-treated seniors who were Alberta Monitoring for Health Program clients was transferred to the *Coverage for Seniors* plan. The $600 in diabetic supplies coverage was also extended to eligible members of the *Non-Group Coverage and Palliative Care Drug Coverage* plans (administered by Alberta Blue Cross).

Government continues to investigate and respond to public health threats, ensuring that Albertans' health is protected. In 2012, the province collaborated with Alberta Health Services on over 800 disease outbreaks. Throughout the province, norovirus and influenza were the most common causes of outbreaks.

Infrastructure

The Alberta government continued to invest in health infrastructure, with improvements to regional hospitals and new facilities offering specialized services in Edmonton and Calgary.

The South Health Campus in Calgary, the largest hospital in Alberta's history, has been opening in phases since mid 2012. The South Health Campus will include a broad range of in-patient and out-patient services, with a focus on wellness services and facilities. These wellness services will make illness prevention, management and community health education an important focus of the campus.

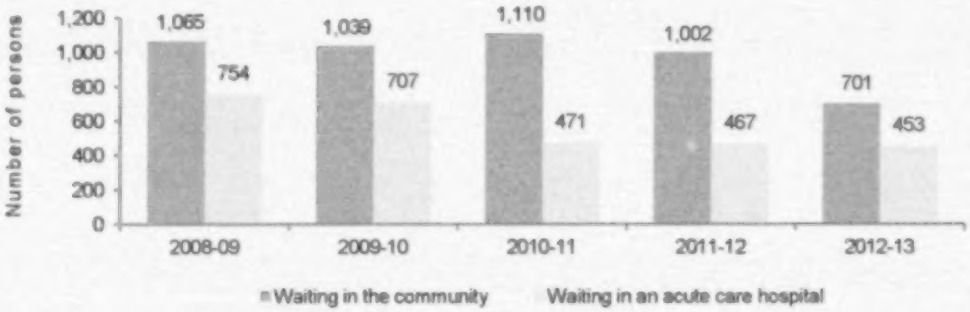
A new cancer care centre, to be located on the Foothills Medical Centre grounds, was announced in March 2013. Targeted to begin construction in 2015-16, the new centre will include in-patient beds, the latest advanced cancer diagnostic and treatment technologies, an out-patient facility, and dedicated research space to provide more opportunities for cancer innovation.

The world-class Kaye Edmonton Clinic opened in December 2012, giving people living in northern Alberta improved patient care, and access to specialized services and technologies.

The province approved plans for redevelopment projects at the Medicine Hat and Chinook regional hospitals, which will improve access to health care services for area residents. Construction plans for a new Grande Prairie Regional Hospital, High Prairie Health Complex and Edson Healthcare Centre, were also announced.

Continuing Care

Number of persons waiting in the community for continuing care or waiting in an acute care hospital for continuing care.



Waiting in the Community Target = 850*
Waiting in an Acute Care Hospital Target = 350

* The target remains set at a significantly higher level than the result achieved due to the challenge of increasing demands for continuing care.

Source: Health

Results Analysis: Alberta Health Services (AHS) added 857 new continuing care spaces in facilities across the province in 2012-13. Since 2010, AHS has opened over 3,000 new spaces. This, in addition to more living options and more opportunities to remain independent in their own homes, has led to a decrease in the number of people waiting in the community or waiting in an acute care hospital for continuing care.

Individuals waiting in the community for continuing care are assessed based on their needs and are more difficult to look after in the community than those individuals that are already in an acute care hospital. Therefore, the urgency to move these individuals into a continuing care facility is often greater. The 2012-13 result indicates that AHS has been successful in meeting this community need. More continuing care facilities will be operational in early 2014.

Results-Based Budgeting Lines of Business–Investing in Families and Communities

As the government moves through the results-based budgeting (RBB) process, opportunities are being realized to shape programs and services and align resources in the most effective and efficient way. The RBB process allows government to identify unnecessary spending and programs that have outlived their usefulness, providing an opportunity to redirect dollars to help achieve higher priority outcomes.

As indicated in Figure 1 on page 81 there are seven lines of business that align with the Investing in Families and Communities theme:

- Municipalities and Regional Planning
- Recreation and Culture
- Protecting Albertans
- Supporting Albertans in Need
- Early Childhood Development
- Health
- Wellness

Municipalities and Regional Planning

This line of business includes programs and services that support community planning and municipal infrastructure and the provision of direct financial support to municipalities.

The review of the municipalities and regional planning line of business is nearing completion. The 28 programs and services under review focus on the government's collaboration with municipalities and communities through financial, advisory and administrative supports. The support ranges from enhancing the long-term viability and sustainability of municipalities and communities, including Metis Settlements and building and maintaining infrastructure, to the adherence to safety codes and standards for homes, buildings and structures such as boilers and elevators.

The results-based budgeting process revealed a number of opportunities to improve outcomes for Albertans including further streamlining municipal grant programs. The review also indicated that implementation of long-term governance and funding arrangements with Metis Settlements will lead to better socio-economic outcomes for Metis Settlement members, improvements to the delivery of essential services, and increased long-term sustainability of Metis Settlements.

Recreation and Culture

This line of business includes programs and services supporting active living and community participation as well as those that support the arts, historic sites, recreation and sports. Through the results-based budgeting review process thus far, an opportunity was identified to better align and coordinate government processes relating to sporting events. In addition, there are opportunities for strengthening relationships and linkages between sport, tourism, culture and other government sectors (local, provincial, federal) when planning and executing these events. One of the desired outcomes is to enhance the profile and appeal of Alberta as the host destination and attract external visitation and expenditures to the province. For example, sport tourism is one of the fastest growing segments of the Canadian tourism industry with travellers spending about $3.6 billion each year nationally.

Protecting Albertans

This line of business includes programs and services that protect Albertans and support safe communities. Programs and services in this line of business are scheduled for review in 2013-14. The results-based budgeting review process will examine relevance, effectiveness and efficiency in achieving overall outcomes for protecting Albertans.

Support to Albertans in Need

This line of business includes programs and services to support Alberta's most vulnerable, including people with developmental or other disabilities, provide income or housing supports, or support individual capacity. The results-based budgeting review of this line of business clearly demonstrates the need to allocate resources to those most in need and ensure that the dollars spent have the greatest positive impact possible. A single comprehensive disability support system where supports are combined within a single ministry is the best structure to achieve positive outcomes for clients. An integrated approach which takes a holistic view of the person and assesses the needs and strengths of the individual when determining the level of supports government will provide helps to ensure that the right support is provided at the right time.

Government assessed disability support programs, not just individually, but collectively as a system of supports. Programs were reviewed according to their relevance to the Social Policy Framework, their effectiveness in achieving desired outcomes, and efficiency in delivering the greatest possible impact from resources invested. A comprehensive set of outcomes was also developed for the system of disability supports including client outcomes, program delivery outcomes, and system design outcomes.

The Support to Albertans in Need line of business is a major part of the Social Policy Framework previously reported on page 85–86.

Early Childhood Development

This line of business includes programs and services focused on enriched early learning and child care environments, parenting resources and improved maternal and infant health. The results-based budgeting process revealed insights to help move Alberta's Approach to Early Childhood Development forward. The review process resulted in recommendations that will further advance the one-government approach of a cohesive, inclusive and responsive early childhood development system.

Improving early childhood development is a good investment. Intervening earlier rather than later increases the positive impact on a child's brain development and life course outcomes. This potentially reduces the need for government supports as children grow into adults.

Health

This line of business includes programs and services providing acute care, continuing care, primary care and health benefits to Albertans as well as those that support rehabilitation and home care, assisted and supportive living, health facilities planning and infrastructure, medical equipment purchases and cancer research. The results-based budgeting review process undertaken in 2012-13 for programs and services in the primary health care area found that, in general, they are relevant, effective and efficient; however, overall system costs could be decreased by shifting service delivery toward the beginning of the health care continuum to reduce some of the later, acute care service delivery demands.

The results-based budgeting review findings of programs and services in the health benefits area (drug and supplementary health benefits programs) also indicated the need to improve the effectiveness and efficiency of drug and supplementary health benefits programs.

Integrating and coordinating the programs will enable the Government of Alberta to reduce health spending, achieve health system sustainability and improve the health status of Albertans.

Wellness, Acute and Continuing Care

The wellness line of business includes programs and services that promote awareness of healthy living, support prevention of disease, regulate food safety and ensure fresh drinking water.

The acute care line of business includes services that provide necessary and active short-term treatment of a serious injury or illness, an urgent medical condition, or during recovery from surgery. Treatment may require a short stay in an emergency or urgent care centre, admission to a hospital, the assistance of diagnostic services, surgery, or follow-up out-patient care in the community.

The continuing care line of business includes programs and services that provide Albertans with the health, personal care and accommodation services they need to support their independence and quality of life. Continuing care services are provided in three settings: home living, supportive living, and facility living.

Programs and services in these lines of business are scheduled for review in 2013-14. The results-based budgeting review process will examine relevance, effectiveness and efficiency in achieving overall outcomes.

THEME 2

SECURING ALBERTA'S ECONOMIC FUTURE: Making strategic investments in both human capital and infrastructure to strengthen Alberta, grow our knowledge-inspired economy, and improve Alberta's competitiveness in the global market place.

Two of the government's strategic goals fall under the Securing Alberta's Economic Future theme:

- **Strategic Goal Four:** Invest in Learning
- **Strategic Goal Five:** Preserve the Province's Finances

In 2012-13, the government continued to build on programs and services aimed at achieving economic success and prosperity for Alberta. From advancing research programs in health to high-speed interconnectivity for rural Albertans, the government is committed to building a knowledge-inspired economy and working toward a strong fiscal future.

STRATEGIC GOAL FOUR. **Invest in Learning:** Build a knowledge-inspired economy by offering a sustainable education system that meets the needs of our province and Albertans throughout their lives.

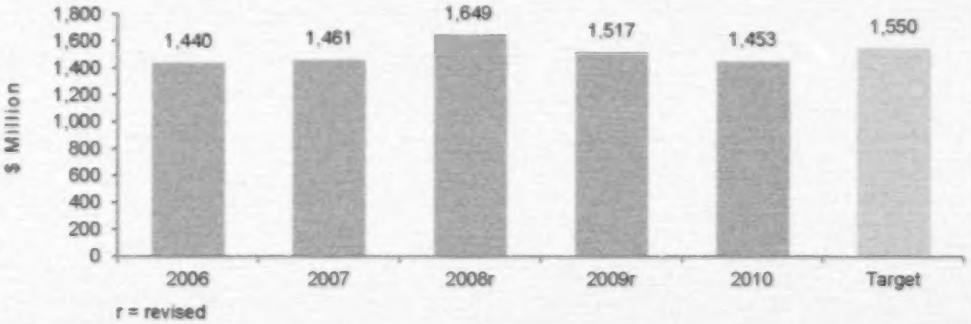
2012–13 Key Accomplishments

Alberta Innovates

Coordination and focus is critical in a research and innovation ecosystem as diverse as Alberta's. This year, the government formed the Research and Innovation System Strategic Integration Team (RISIT) – including representatives from the Government of Alberta, Alberta Innovates, and Campus Alberta – to streamline and align research and innovation activities in the province. RISIT will articulate the common system outcomes and Government of Alberta priorities as they evolve in the Alberta Research and Innovation Plan, which in turn guides Alberta Innovates corporations and post-secondary research institutions. One example of a research program that focused on government priorities is the Collaborative Research and Innovation Opportunities program. This program was launched by Alberta Innovates – Health Solutions in 2012-13, bringing together experts from diverse disciplines to address complex health problems. Another government research priority is to grow capacity in agriculture and energy research. This year, the government built on previous investments by providing committed funding for prion research to support animal health and water research to support sustainable, responsible energy development.

Business Expenditures on Research and Development

Alberta business expenditures on research and development ($ millions).



r = revised

Source: Enterprise and Advanced Education

Results Analysis: While this measure is influenced by many external factors, the decline in 2010 compared to the target may be related to decreases in research and development in the mining and oil and gas extraction and services industries.

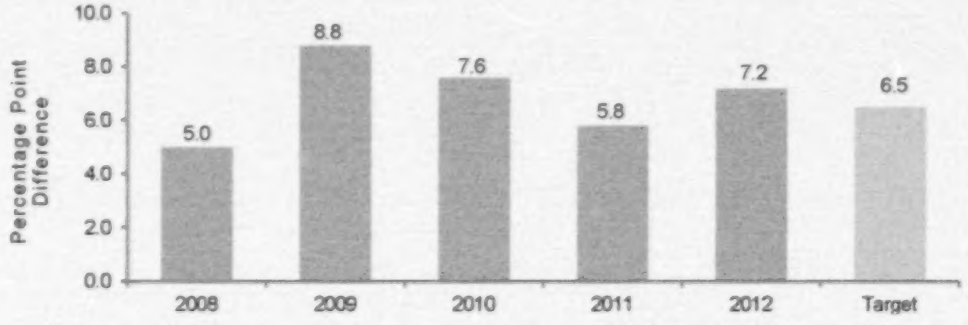
Recruitment of post-secondary students in rural areas, Métis and First Nations communities

A leadership team was formed to guide activities that address under-representation of groups in post-secondary education, including First Nations, Métis and Inuit (FNMI) Albertans. Activities included developing an approach for renewable annual funding for FNMI communities to provide continued support for adult and family literacy development and delivering workshops in FNMI communities that offer culturally-relevant guidance on career and education planning to students, teachers and parents.

Government provided funding to not-for-profit organizations such as Women Building Futures and Careers: The Next Generation, to support the engagement of under-represented groups in apprenticeship and trade-related learning opportunities. Government also worked closely with the Apprenticeship and Industry Training Board and industry to address Aboriginal participation in skilled trades. Aboriginal apprentices were awarded fifteen scholarships in a variety of trades, and top employers were formally recognized for their commitment to recruiting and training Aboriginal apprentices.

Aboriginal Employment (Off-Reserve)

Percentage point difference between the unemployment rate of Aboriginal people living off-reserve and other Albertans.



Source: Statistics Canada Labour Force Survey, Human Services and Aboriginal Relations

Results Analysis: The need for specialized skill sets and qualifications and the growing requirement for higher educational attainment in the labour market is likely contributing to the employment gap between Aboriginal and non-Aboriginal people. It could also be a reflection of softer oil prices which can decrease spending on labour.

High-speed internet connectivity for rural Albertans

The Final Mile Rural Connectivity Initiative (FMRCI) is the Alberta government's strategy to ensure high-speed Internet access is available to at least 98 per cent of Albertans. In 2012-13, government administered the $5 million grant program to assist municipalities, First Nations and Métis communities to gain high-speed Internet access. In addition, a satellite program addressing the distance costs for rural and remote locations was provided. In 2012-13, 23 community-led projects were approved to address broadband service gaps and extend coverage in rural communities. Through these programs, the FMRCI has almost reached its 98 per cent goal.

The Alberta SuperNet connects over 3,800 government buildings, libraries, schools, hospitals and municipalities in 402 rural and 27 urban communities province-wide. Over the past year, government launched new and upgraded existing stakeholder services for improved speed and reliability. The needs of the learning sector were supported by providing high-speed connectivity to 19 new schools. Connection consolidations achieved approximately $1 million in annual cost savings which were reinvested to meet increased demand for network capacity.

STRATEGIC GOAL FIVE. **Preserve the Province's Finances:** Spend wisely, save intelligently, manage our finances and improve Alberta's competitiveness to build a strong fiscal foundation for future Albertans.

2012–13 Key Accomplishments

Re-balancing the Fiscal Framework

A fiscal framework defines the rules and limitations that the province must follow when creating a budget. The Alberta government deals with revenue volatility and the related spending issues through its fiscal framework. In fall 2012, the Alberta government consulted with Albertans to help set the boundaries for a renewed fiscal policy and savings strategy. A report on the public consultation titled Dollars and Sense is available on the government's website at www.alberta.ca. A new fiscal framework was introduced in *Budget 2013* when the *Fiscal Responsibility Act* and the *Government Accountability Act* were replaced by the new *Fiscal Management Act*.

Results-Based Budgeting (RBB)

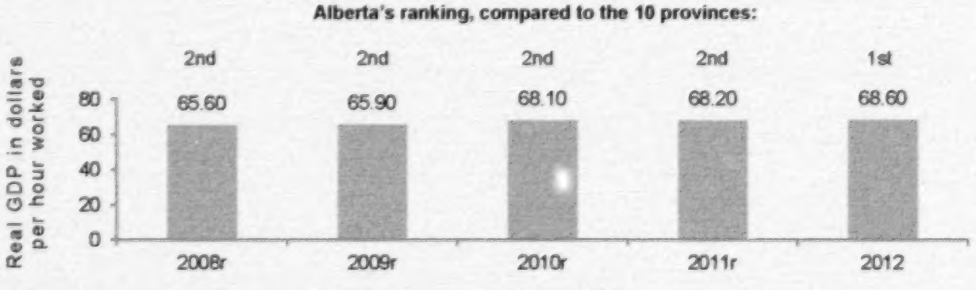
The *Results-based Budgeting Act* was implemented which commits the government to review all programs and services to assess whether they are meeting their intended outcomes efficiently and effectively. A report was tabled in November 2012 outlining details of a three-year process. Since then, the fiscal situation prompted the government to accelerate RBL. The first full round of three cycles will be completed by 2014.

Labour Productivity

Labour productivity indicates economic growth, competitiveness, and living standards within the economy. It is the measure of labour productivity (and all that this measure takes into account) which helps explain the principal economic foundations that are necessary for both economic growth and social development.

Labour Productivity

Inter-provincial rank of real Gross Domestic Product (GDP) in dollars per hour worked.



r = revised

Source: Statistics Canada and Enterprise and Advanced Education

Results Analysis: Alberta ranks first of all provinces in 2012 partly because of its large and highly productive oil and gas extraction sector. Moreover, Alberta also ranks first in the country for a large number of other sectors such as manufacturing, agriculture, construction, finance and insurance, retail trade, and professional and technical services.

Roads and Highways

While the government faces fiscal challenges, the overall economy remains strong. This means that while a thoughtful and measured approach needs to be taken to managing the province's finances, it is necessary to provide programs, services and infrastructure like roads and highways to support the growing economy and population.

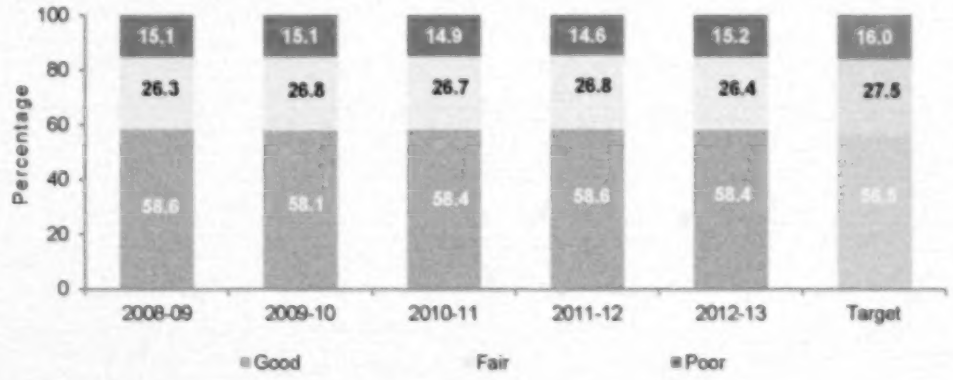
In 2012-13, progress was made on the development of an integrated, long-term transportation strategy to direct the future of Alberta's multi-modal transportation network, encompassing road, rail and air, public transportation, walking and cycling. Innovative financing and funding options are an important part of the strategy.

Improvements to Alberta's provincial highway network were achieved throughout the year to help connect communities and support economic and social growth. Significant progress was made on the ring roads in Edmonton and Calgary, as construction commenced in June 2012 on the final stage of the Northeast section of Anthony Henday Drive with completion scheduled for October 2016, and construction continued on bridge and roadway work for the Southeast segment of Calgary's Stoney Trail with completion scheduled for October 2013.

Demonstrating the government's commitment to support economic development and public safety, 36 kilometers of new twinning of Highway 63 was opened to traffic in 2012-13, and completion of the section between Grassland and Fort McMurray is scheduled to be finished by the end of 2016.

Physical Condition of Provincial Highways

Physical condition of pavement



Source: Transportation

Results Analysis: The provincial highway system is critical to Alberta's economic prosperity and social growth. The province continues to invest in highway repaving and innovative solutions to maintain highways in safe condition, despite the challenges of severe weather conditions and increasing traffic flows.

Impaired Driving Legislation

While provision of transportation infrastructure to support Alberta's growing economy and population is critical, ensuring safe use of roads and highways is also important. One of the biggest obstacles to this is impaired driving. Collisions caused by impaired driving are a major cause of accidental death in Alberta. To improve the safety of Alberta's roadways, the government implemented impaired driving legislation changes. The new legislation has tougher penalties aimed at discouraging this behaviour and encouraging greater personal responsibility when driving. It introduced stronger sanctions for new drivers with blood alcohol content over .00 (Alberta Zero

Alcohol Tolerance Program - Graduated Driver's Licence) and for drivers with blood alcohol content higher than .05. Tougher consequences were also applied to repeat offenders and those with blood alcohol content over .08 which is a *Criminal Code* offence.

Results-Based Budgeting Lines of Business–Securing Alberta's Economic Future

As indicated in Figure 1 on page 81 there are two lines of business that align with the Securing Alberta's Economic Future theme:

- Education
- Enterprise and Ministry Support Services

Education

This line of business includes programs related to operating support for school boards and post-secondary institutions, research and innovation, and support for facilities. It also includes private school support, student health services, teachers' pensions, and supports for adult learning including student financial aid.

Education programs will be examined in the next cycle of RBB in late 2013. The review will focus on the themes of equitable, affordable access, ensuring quality, support to maximize individual potential and preparedness for life and work and the community.

Enterprise and Ministry Support Services

Enterprise Support Services includes programs and services that support administrative activities across all ministries, including accommodations, financial services, human resources, information technology and legal services.

Ministry support services include programs and services related to the administration of individual government ministries, including ministers' offices and deputy ministers' offices.

In 2012-13, 17 programs in this area were reviewed; those related to enterprise resource planning, financial management, information technology, human resources, legal services, employee pension management, vehicle fleet management, and other forms of logistical support. Reviews of more programs within this line of business will continue through 2013-14.

THEME 3 **ADVANCING WORLD-LEADING RESOURCE STEWARDSHIP:** Developing our natural resources responsibly to protect our environment and grow our markets.

Two of the government's strategic goals fall under the Advancing World-leading Resource Stewardship theme:

- **Strategic Goal Six:** Innovation and Responsible Resource Development
- **Strategic Goal Seven:** Build Relationships and Markets

From continued exploration and implementation of energy efficiencies and alternative energy sources to advancing Alberta's relationships with national and international partners, government is committed to establishing and achieving key environmental outcomes while developing its natural resources in a responsible manner.

STRATEGIC GOAL SIX. **Innovative and Responsible Resource Development:** Find innovative solutions to developing Alberta's resources while protecting Alberta's environment to provide a healthy Alberta for future generations.

2012–13 Key Accomplishments

Regulatory Enhancement Task Force Recommendations

The Regulatory Enhancement Task Force made six recommendations. Significant highlights of accomplishments related to implementing these recommendations are:

- Establishing the Policy Management Office (PMO) in September 2012;
- Development of a PMO access system is underway to help ensure integration of natural resource policies and provide an interface between policy development and assurance, and provide a single source for all Government of Alberta policies related to and affecting the development of oil, gas, oil sands and coal;
- The *Responsible Energy Development Act* (REDA), received royal assent on December 10, 2012. The Act establishes the Alberta Energy Regulator (AER), which will bring together the regulatory functions from the Energy Resources Conservation Board and Environment and Sustainable Resource Development to begin operations in June 2013;
- PMO completed three separate consultation sessions – one was a general session for all Albertans, another was with First Nations and a third was with Métis between February and May 2013. Input from all consultation sessions will inform development of regulations to support REDA; and,
- When proclaimed, Part 3 of REDA will allow registration of private surface agreements with the Alberta Energy Regulator (AER). These registered agreements can be enforced by the AER.

Additionally, the government continues its commitment to establishing an Integrated Resource Management System which will simplify the existing complex processes for future resource development and set the environmental, economic and social outcomes that Albertans expect.

Open Source Information System on Science-based Environmental Indicators

In October 2012, Alberta announced it will transition to an enhanced environmental monitoring system on a provincial scale, beginning in the oil sands region. A new agency will be established to lead the enhanced monitoring system.

Alberta's Environmental Monitoring Agency will have four main responsibilities:

- It will provide central coordination for monitoring activities in Alberta. Current monitoring programs conducted by partners such as the watershed planning and advisory Councils, airshed groups, and programs overseen by the Government of Alberta will transition to the Environmental Monitoring Agency;
- It will set standards to integrate all monitoring activities. The Agency will work with partners and local stakeholders to establish appropriate parameters and environmental conditions to be monitored;
- It will provide scientific oversight and expertise to ensure credible data is collected. The Agency will direct environmental monitoring activities from a science perspective; and,
- It will provide open access to the data collected and will be the authoritative source of reporting environmental information to the public.

Joint Canada-Alberta Implementation Plan for Oil Sands Monitoring

The governments of Canada and Alberta released the Joint Canada-Alberta Implementation Plan for Oil Sands Monitoring in February 2012. The Joint Plan is focused on regional baseline and cumulative effects monitoring as opposed to facility-specific compliance monitoring. Facility-specific compliance monitoring will continue to be done by industry.

The following projects are completed or underway:

- A tailings pond pilot project to apply various cost-effective and continuous monitoring technologies and test the feasibility for tailings ponds emission measurement;
- An Enhanced Deposition Study which measures air pollutants that fall to the earth in the Athabasca Oil Sands Region. Results from this study will help design protocols for monitoring and will also develop a baseline to measure the impacts of future development on the oil sands region;
- A project with Environment Canada where remote sensing is being used to monitor air pollutants such as nitrogen dioxide and sulphur dioxide from oil sands operations. Data will be available in 2013-14; and,
- An initiative under the general direction of the Integrated Resource Management System to ensure that the Environmental Monitoring Agency will support the management frameworks of the regional plans by providing data for progress indicators of regional plan outcomes.

Land-use Regional Plans

On September 1, 2012 the Lower Athabasca Regional Plan came into effect with the implementation of the Air Quality Management Framework; a Surface Water Quality Management Framework; and a Regional Groundwater Management Framework with interim limits. There is ongoing work to develop Lower Athabasca Regional management frameworks for surface water quantity, tailings management and biodiversity management. A regional strategic assessment of cumulative effects in the South Athabasca oil sands area in the Lower Athabasca Region is also underway.

Public and stakeholder consultations were held in the fall of 2012 to gather input on recommendations made by the Regional Advisory Council for development of the South Saskatchewan Regional Plan. The plan is currently being developed and will undergo consultation in 2013. Cumulative effects management frameworks for air and water quality are a commitment in the plan's terms of reference.

Electric Statutes Amendment Act (formerly Bill 50)

The *Electric Utilities Act* was reviewed and amended to remove Cabinet's authority to approve future critical transmission infrastructure and have the Alberta Utilities Commissio¬ (AUC) approve all new transmission facilities. The Critical Transmission Review Committee (CTRC) was established to review the two high-voltage direct current (HVDC) North-South transmission facilities. The CTRC, an expert panel, consulted with over 40 organizations in developing its recommendations and conclusions. The CTRC recommended proceeding with the development of the two 500 kilovolt HVDC transmission lines as soon as possible. The AUC, after extensive public hearings, approved the routing of the two lines in 2012-13. Construction of the two lines has now commenced.

Water for Life Strategy

Public province-wide conversations were held in 20 communities from February to March 2013 to collect input regarding water with a focus on four priority areas: healthy lakes; water use in hydraulic fracturing; drinking water and wastewater systems; and water management. If Albertans were unable to take part in the facilitated sessions, opportunities were provided for participation including an online survey.

In addition to the facilitated public sessions, several targeted stakeholder sessions were held in communities where Watershed Planning and Advisory Councils already exist. These meetings engaged stakeholders with significant interest and involvement in water management. First Nations and Métis were engaged on water issues through separate processes.

External stakeholder engagement was completed on wetland replacement in late 2012 which supported the finalization of a Wetland Policy and implementation plan.

River Water Quality

The Alberta River Water Quality Index examines a very broad range of water quality parameters, many of which tend to fluctuate over time. In 2011-12, four out of six river systems assessed as part of the Alberta River Water Quality Index demonstrated good to excellent water quality. A certain level of inter-annual variability in Index ratings is expected and typically observed. In April of 2011, sampling in the North Saskatchewan River basin coincided with snow melt, which likely contributed to increased non-point source runoff to the river. Contaminants (bacteria, nutrients, pesticides) transported by this runoff may have caused an increase in the number and magnitude of water quality guideline exceedances, resulting in a lower River Water Quality Index rating at the downstream monitoring station. Similarly, July rainfall in the Peace River basin likely contributed to guideline exceedances for nutrients, metals, bacteria and pesticides and an index rating of "fair" at the downstream monitoring station. Various natural and human factors, including flow volume, degree of development in the basin, point source effluent discharges, and nonpoint source runoff (e.g., from agricultural fields), can influence the River Water Quality Index.

Energy efficiency and sustainability

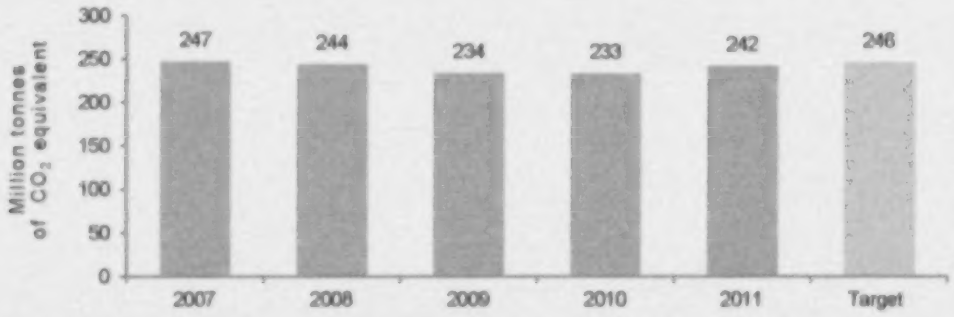
Through the On-Farm Energy Management Program, 215 energy efficiency projects were completed and funded by the Growing Forward program. This program shares the cost of investments that improve energy efficiency on Alberta farms. This enables producers to conserve energy and reduce carbon emissions, ultimately reducing the environmental footprint of Alberta's agriculture industry. Over $6 million (grants and producer contributions) was invested in energy efficient technologies and practices. The impact to the producer is increased efficiencies and reduced production costs. The expected payback on these investments for producers ranged from two to seven years based on their energy savings. This corresponds to several tonnes of CO_2 offset each year for adoption of these technologies.

Reduction of Carbon Dioxide Emissions

Alberta communicated with the federal government about Alberta's electric system and the potential economic and policy risks to Alberta associated with the proposed federal coal regulations. This dialogue helped influence several changes to the final version of the regulations, released September 12, 2012 that will result in reduced impacts on Alberta consumers, the Alberta electric system, and the Alberta economy.

Total Greenhouse Gas Emissions

Measures the total greenhouse gas emissions in million tonnes of CO_2 equivalent, as outlined in *Alberta's 2008 Climate Change Strategy.*



Source: Environment and Sustainable Resource Development

Results Analysis: The results for 2011 reflect higher overall emissions relative to previous periods. This is largely driven by the enhanced production of petroleum resources for export markets. Key factors contributing to the more recent increase in emissions include an uptake in oil and gas activity and an increased demand for industrial output when compared to 2010 emissions.

2012–13 Key Accomplishments

Market Access and Investment

Premier Redford led missions to Virginia, Washington State, Arizona, Chicago and Washington D.C. to promote Alberta as a leader in responsible energy development and to emphasize the mutual benefit that a strong energy relationship has on economies on both sides of the border. Advocating for expanded market access for Alberta's oil is a major focus for David Manning, the new Alberta envoy appointed to Washington, D.C. The Premier Redford also undertook missions to Asia in summer and fall 2012 to foster trade and investment opportunities there.

Alberta's new Ottawa office will serve to promote the province and enhance our strong relationship with the federal government. The office gives Alberta a strong on-the-ground presence and the ability to comment early and regularly on policy developments impacting Albertans. Alan L. Ross was appointed Alberta's representative in Ottawa on February 1, 2013.

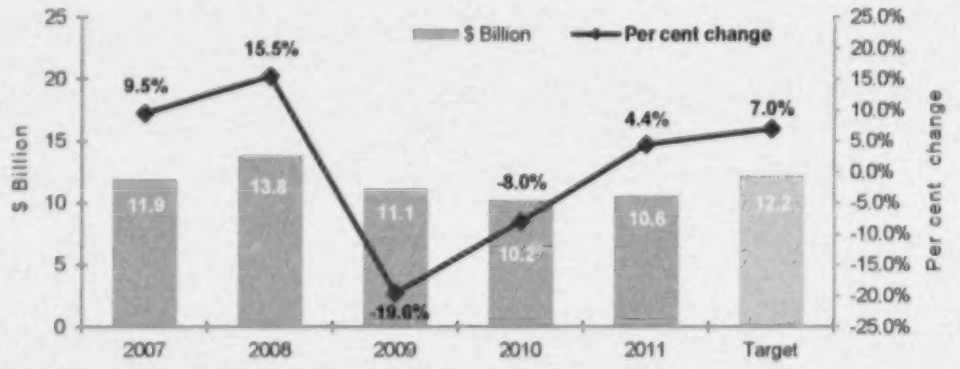
Canadian Energy Strategy

Alberta is co-leading the development of a Canadian Energy Strategy, with Manitoba and Newfoundland and Labrador, to foster Canada's potential to become a recognized global energy leader.

Developing the Canadian Energy Strategy through the Council of the Federation highlights the importance of resource development to the national economy. Provincial and territorial jurisdictions across Canada are considering the interconnected nature of resource development and the economy. By working together, provinces and territories can create jobs, expand their economies, build manufacturing opportunities, and advance research and technological innovations.

Manufacturing and Service Industry Investment

The value of Alberta's capital investment by the manufacturing and services sector in current dollars. (annual percentage change)



Source: Statistics Canada and Enterprise and Advanced Education

Results Analysis: Alberta's capital investment by the manufacturing and business services sector grew strongly by 4.4% in 2011, as companies in those sectors felt confident enough about the general economic situation to re-invest in the province, after a few years of uncertainly because of the global economic recession. Investment in the manufacturing sector increased by 24.3% in 2011 after declining by more than one-half between 2008 and 2010.

Alberta's International Strategy

A new International Strategy was developed that will guide the activities of government internationally. The strategy will be launched in 2013-14.

Work continued on the implementation of Alberta Abroad, which will place talented post-secondary graduates in short-term work placements (externships) in host organizations abroad. Host organizations are expected to include international multilateral organizations, governments of other provinces, international financial institutions, academic think-tanks, and industry associations.

Aboriginal Consultation

The Government of Alberta is committed to strengthening relationships with First Nations through the continued recognition of the Treaty relationship between First Nations and the Crown.

Alberta will consult with honour, respect, and good faith, with a view to reconciling First Nations' Treaty rights and traditional uses with its mandate to manage provincial Crown lands and resources for the benefit of all Albertans.

Long-term Governance and Funding Arrangements with the Metis Settlements

On March 12, 2013, Premier Redford, the Minister of Aboriginal Relations and the President of the Metis Settlements General Council signed a Long-term Arrangement Agreement. The ten-year agreement contains commitments to strengthen Metis Settlement governance, contribute $85 million to the long-term sustainability of Metis Settlement communities, and establish a fiscal relationship between the province and Metis Settlements comparable to that of other local governments.

The *Metis Settlements Amendment Act* received royal assent on May 27, 2013. Highlights of the Act include a clear division between the roles of the Settlement councils and administration, greater transparency in financial reporting and the development of a code-of-conduct for councilors.

An agreement-in-principle to amend the existing Co-Management Agreement was reached which allows for an alternative process for the tenure of oil, gas and oil sands rights on Metis Settlement land. This new process, which allows Metis Settlements to become direct participants in oil and gas exploration on settlement land, will contribute to long-term sustainability for Metis Settlements.

Aboriginal Women

In 2012-13, the Government of Alberta made it a priority to support initiatives that target improved opportunities for Aboriginal women in Alberta. To address this priority, over $545,000 was provided to support 14 projects aimed at improving the social well-being of Aboriginal women and supporting Aboriginal women in economic development and entrepreneurship. Projects to improve social well-being include the Aboriginal Women's Professional Association leadership training program and the Three Eagles Society program of activities and resources for raising awareness to end violence against girls and women. Projects aimed at improving economic well-being include the Next Step to Success Capacity Building Program which trains facilitators and provides business planning workshops and the Women Building Futures Aboriginal Engagement Strategy which provides career planning and skills enhancement workshops.

Results-Based Budgeting Line of Business –Advancing World-leading Resource Stewardship

As indicated in Figure 1 on page 81 there are two lines of business that align with the Advancing World-leading Resource Stewardship theme:

- Resource Management and Environmental Stewardship
- Economic Development

Resource Management and Environmental Stewardship

This line of business include programs and services supporting management of Alberta's natural resources, including water, fish and wildlife, and public lands. Other major programs include those supporting irrigation and quasi-judicial processes such as the Natural Resources Conservation Board. Some programs and services help protect the environment and address important issues such as climate change.

The resource management and environmental stewardship line of business will be reviewed during the second phase of results-based budgeting in late 2013. The review will include programs currently delivered by six government ministries as well as six agencies that have been engaged in developing a plan and in completing preliminary activities such as inventories and program overviews that will inform the upcoming review.

Economic Development

This line of business includes programs and services that enhance market access and encourage value-added industry, provide a stable, secure and predictable business climate, and ensure the infrastructure and transportation capacity is there to support a growing economy.

Over 40 programs and services delivered by government were selected for review in 2012-13 based on their connection to the goals of market access, value-added, and diversification. Decisions reflected in *Budget 2013* are directly aligned with the results of the review process: economic development programs and services will continue to benefit from increased coordination, collaboration and measurement of results to ensure that all are meeting intended outcomes with an optimal use of resources.

Budget 2013 decisions impacting Alberta Innovates, for example, emphasize the need to strengthen relationships between research and practice, encouraging greater translation of research into products, services, delivery and policy. Additionally, the government is creating a new umbrella organization dedicated to unleashing more robust collaboration through Alberta's post-secondary education, research, innovation and technology commercialization system. The purpose of the organization is to further focus the applied research and innovation agenda in Alberta and to support the evolution of Alberta's economy.

Results of the review further support the need for Alberta to expand its international profile and access to markets, particularly in today's competitive global market place. Through a new International Strategy, Alberta will build its international network by putting expertise and experience on the ground in key markets.

The government continues to refine and shape its approach to economic development in the province to foster sustainable growth and prosperity.

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AUDITOR'S REPORT

AUDITOR GENERAL *Alberta*

To the Members of the Legislative Assembly

I have audited the performance measures identified as "audited" in the performance measures by goal section of *Measuring Up* for the year ended March 31, 2013. The audited performance measures are the responsibility of the Government of Alberta and are prepared on its behalf by the Ministry of Treasury Board and Finance's management in accordance with the following criteria:

- **Reliability**—The information used in applying performance measure methodologies agrees with underlying source data for the current and prior years' results.
- **Understandability**—The performance measure methodologies and results are presented clearly.
- **Comparability**—The methodologies for performance measure preparation are applied consistently for the current and prior years' results.
- **Completeness**—The goals, performance measures and related targets match those included in *Budget 2012*.

My responsibility is to express an opinion on the reliability, understandability, comparability and completeness of these performance measures based on my audit. My audit was not designed to assess the relevance and sufficiency of the audited performance measures in demonstrating Government of Alberta progress towards the related goals.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the audited performance measures are free of material misstatement. An audit includes examining, on a test basis, evidence supporting these performance measures. An audit also includes assessing the principles used and the significant judgments made by management, as well as evaluating the overall presentation of the audited performance measures.

In my opinion, the audited performance measures in the performance measures by goal section of *Measuring Up* present fairly, in all material respects, results in accordance with the criteria of reliability, understandability, comparability, and completeness as described above.

[Original signed by Merwan N. Saher, FCA]

Auditor General

June19, 2013

Edmonton, AB

GOAL 1

HONOUR ALBERTA'S COMMUNITIES – Our communities are safe, prosperous, welcoming, culturally diverse and desirable places to live or destinations to visit.

Goal One Performance Measures (audited)	Previous Results	Targets 2012–13	Current Results
Participation in the Arts *(see note 1 in the* Sources and Notes *section starting on page 115)*			
Percentage of adult Albertans who participated in arts activities or events.	86.0% (2011–12)	90.0%	90.8% (2012–13)
Albertans' Satisfaction with their Local Governments *(see note 2)*			
Percentage satisfied.	77% (2011–12)	80%	76% (2012–13)
Violent Crime Rate *(see note 3)*			
Rate of violent crime per 100,000 population.	-3% 1,479 (2010r)	1 per cent annual decrease	-5% 1,405 (2011)
Goal One Performance Measures (unaudited)			
Volunteerism *(see note 4)*			
Percentage of adult Albertans who volunteered in their community.	80.4% (2011–12)	75.0%	89.5% (2012–13)
Tourism Expenditures *(see note 5)*			
Total tourism expenditures in Alberta ($ billions).	$5.7 (2011e)	$5.8	NA* (2012)
Public Perception of Safety in the Neighbourhood *(see note 6)*			
Percentage of Albertans who feel reasonably safe to very safe walking alone in their area after dark.	82% (2011–12)	82%	83% (2012–13)
Property Crime Rate *(see note 7)*			
Rate of property crime per 100,000 population.	-8% 4,924 (2010r)	3 per cent annual decrease	-11% 4,371 (2011)

* A current result is not available due to a significant change in the methodology used to calculate this measure by Statistics Canada in 2012. For more information see note five on page 115.

r = revised

e = estimate

Calendar years are presented, for example, as 2012; fiscal years are presented, for example, as 2012-13.

GOAL 2

SUPPORT VULNERABLE ALBERTANS – Our most vulnerable Albertans are protected and supported so they can reach their full potential.

Goal Two Performance Measures (unaudited)	Previous Results	Targets 2012–13	Current Results
Support for Albertans with Developmental Disabilities *(see note 8 in the* **Sources and Notes** *section starting on page 115)*			
Satisfaction of families/guardians of adults with developmental disabilities with Persons with Developmental Disabilities-funded services.	85.3% (2010–11)	87.0%	87.3% (2012–13)
Social and Emotional Development of Children *(see note 9)*			
Percentage of Alberta children demonstrating:			
Healthy social development	Alberta 84.5% Canada 82.6% (2008-09)	Maintain or improve Alberta's result relative to the national average	NA*
Healthy emotional development	Alberta 83.2% Canada 83.8% (2008-09)		NA*
Support for Albertans with Low Incomes Who Need Temporary Help *(see note 10)*			
Percentage of participants employed after leaving income support.	64% (2011–12)	70%	59% (2012–13)

* The National Longitudinal Survey of Children and Youth was discontinued in 2010 by Statistics Canada, however, Government of Alberta accountability guidelines require that all measures in the 2012-15 *Government of Alberta Strategic Plan* to appear in this annual report. The measure has been removed from subsequent strategic plans and will not appear in future annual reports.

Calendar years are presented, for example, as 2012; fiscal years are presented, for example, as 2012-13.

GOAL 3

HEALTHY ALBERTANS – A health system where Albertans have the supports they need to lead healthy lives.

Goal Three Performance Measures (audited)	Previous Results	Targets 2012–13	Current Results
Ease of Access to Services *(see note 11 in the* Sources and Notes *section starting on page 115)*			
Rating as easy or very easy:			
Physician Services	80%	85%	79%
Emergency Department Services	52% (2011–12)	70%	65% (2012–13)
Public Rating of Health System Overall *(see note 12)*			
Rating as excellent or good.	63% (2011–12)	73%	70% (2012–13)

Goal Three Performance Measures (unaudited)			
Satisfaction with Health Care Services Received *(see note 13)*			
Percentage of Albertans satisfied or very satisfied with health care services personally received in Alberta within the past year.	62% (2011–12)	68%	63% (2012-13)
Continuing Care *(see note 14)*			
Number of persons waiting in an acute care hospital bed for continuing care.	467 (2011–12)	350	453 (2012–13)
Number of persons waiting in the community for continuing care.	1,002 (2011–12)	850	701 (2012–13)
Physical Condition of Health Facilities *(see note 15)*			
Good	77%	78%	72%
Fair	20%	19%	24%
Poor	3% (2011–12)	3%	4% (2012–13)

Calendar years are presented, for example, as 2012; fiscal years are presented, for example, as 2012-13.

GOAL 4

INVEST IN LEARNING – Build a knowledge-inspired economy by offering a sustainable education system that meets the needs of our province and Albertans throughout their lives.

Goal Four Performance Measures (audited)	Previous Results	Targets 2012–13	Current Results
Aboriginal Employment (off-reserve) *(see note 16 in the* Sources and Notes *section starting on page 115)*			
Percentage point difference between the unemployment rate of Aboriginal people living off-reserve and other Albertans.	5.8 percentage points higher (2011)	6.5 percentage points or less	7.2 percentage points higher (2012)
Educational Attainment of Albertans Age 25–64 *(see note 17)*			
Percentage of Albertans age 25–64 who have completed post-secondary education.	61% (2011)	62%	62% (2012)
Goal Four Performance Measures (unaudited)			
High School Completion Rate *(see note 18)*			
High school completion rate of students within five years of entering grade 10.	79.6% (2010–11)	81%	80.8% (2011–12)
Post-secondary Transition Rate *(see note 19)*			
Percentage of students entering post-secondary programs including apprenticeship) within six years of entering Grade 10.	58.4% (2010–11)	60%	59.5% (2011–12)
Educational Attainment of Albertans Age 25–34 *(see note 20)*			
Percentage of Albertans age 25–34 who have completed high school education.	90.9% (2011)	92%	91.2% (2012)
Physical Condition of Learning Facilities *(see note 21)*			
School Facilities:			
Good	61%	58%	56%
Fair	37%	40%	43%
Poor	2% (2011-12)	2%	1% (2012-13)
Post-secondary Facilities:			
Good	72%	70%	71%
Fair	23%	25%	24%
Poor	5% (2011–12)	5%	5% (2012–13)
Business Expenditures on Research and Development *(see note 22)*			
Alberta business expenditures on research and development ($ millions).	$1,517 million (2009r)	$1,550 million	$1,453 million (2010)

r = revised

Calendar years are presented, for example, as 2012; fiscal years are presented, for example, as 2012-13.

GOAL 5

PRESERVE THE PROVINCE'S FINANCES – Spend wisely, save intelligently, manage our finances and improve Alberta's competitiveness to build a strong fiscal foundation for future Albertans.

Goal Five Performance Measures (audited)	Previous Results	Targets 2012–13	Current Results
Labour Force Participation Rate *(see note 23 in the Sources and Notes section starting on page 115)*			
Inter-provincial rank of Alberta labour force participation rate.	Highest 73.7% (2011)	Highest	Highest 73.4% (2012)
Goal Five Performance Measures (unaudited)			
Labour Productivity *(see note 24)*			
Inter-provincial rank of real GDP in dollars per hour worked.	Second Highest* (2011)	Highest	Highest (2012)
Per cent growth (3-year moving average) in GDP per hour worked:			
Business Services	1.3%	2.5%	0.4%
Manufacturing	1.3%	3.5%	5.1%
	(2011)		(2012)
Physical Condition of Provincial Highways** *(see note 25)*			
Good	58.6%	56.5%	58.4%
Fair	26.8%	27.5%	26.4%
Poor	14.6%	16.0%	15.2%
	(2011-12)		(2012-13)
Physical Condition of Government-owned and Operated Facilities *(see note 26)*			
Good	73%	69%	70%
Fair	26%	30%	29%
Poor	1%	1%	1%
	(2011-12)		(2012-13)

* Historical results have been restated based on new GDP estimates from Statistics Canada. Results are still comparable to the targets because the measures are relative (ranking, percentage growth) rather than absolute. For more information on this change, see Note 24.

** Results are presented to one decimal place for this measure because each 10th of a percent represents 30 km of highway which is statistically significant.

Calendar years are presented, for example, as 2012; fiscal years are presented, for example, as 2012-13.

GOAL 6 INNOVATIVE AND RESPONSIBLE RESOURCE DEVELOMENT – Find innovative solutions to developing Alberta's resources while protecting Alberta's environment to provide a healthy Alberta for future generations.

Goal Six Performance Measures (audited)	Previous Results	Targets 2012–13	Current Results
River Water Quality Index *(see note 27 in the* **Sources and Notes** *section starting on page 115)*			
Water quality of six major Alberta rivers at key sites, based on monthly monitoring data for four groups of variables (metals, bacteria, nutrients and pesticides), which are averaged to provide an overall water quality rating.	Five out of six river systems have good to excellent water quality (2010–11)	Six out of six river systems have good to excellent water quality	Four out of six river systems have good to excellent water quality (2011–12)
Municipal Solid Waste to Landfills *(see note 28)*			
Municipal solid waste to landfills in kilograms of waste per capita.	717 kg (2011r)	675 kg	691 kg (2012)

r = revised

Goal Six Performance Measures (unaudited)			
Air Quality Index *(see note 29)*			
Quality of Alberta's air based on five major pollutants: carbon monoxide, nitrogen dioxide, ozone, sulphur dioxide, and fine particulate matter.	Good air quality days 95% of the time (2011)	Good air quality days 93% of the time	Good air quality days 97% of the time (2012)
Total Greenhouse Gas Emissions *(see note 30)*			
Measures the total greenhouse gas emissions in million tonnes of CO_2 equivalent, as outlined in *Alberta's 2008 Climate Change Strategy*.	233 (2010)	246	242 (2011)

Calendar years are presented, for example, as 2012; fiscal years are presented, for example, as 2012-13.

GOAL 7

BUILD RELATIONSHIPS AND MARKETS – Build relationships with our partners, enhance market access and attract investment.

Goal Seven Performance Measures (unaudited)	Previous Results	Targets 2012–13	Current Results
Manufacturing and Service Industry Investment *(see note 31 in the* **Sources and Notes** *section starting on page 115)*			
The value of Alberta's capital investment by the manufacturing and services sector in current dollars (annual percentage change) ($ billions).	$10.2 -8.0% (2010)	$12.2 +7%	$10.6 +4.4 (2011)
Manufacturing and Service Exports *(see note 32)*			
The value of Alberta's international exports of manufactured goods and services in current dollars (annual percentage change) ($ billions).	$30.9 +8.4% (2011)	$32.2 +5%	NA*

* Data not available from Statistics Canada at the time of publication.

Calendar years are presented, for example, as 2012; fiscal years are presented, for example, as 2012-13.

1. Participation in the Arts

Source: Culture, Survey of Albertans on Culture

Note(s): Albertans were asked if they had personally attended or participated in a broad range of arts activities or events in the last year, such as attending live performances, festivals, home-based arts activities, writing/publishing a literary work, school and community based arts programs and the purchasing of art products. The Survey of Albertans on Culture is a sample survey of 1,000 adult Albertans stratified by age group, gender and geographic location. The response rate was 32.4 per cent and the margin of error +/- 3.1 per cent, 19 times out of 20.

2. Albertans' Satisfaction with their Local Governments

Source: Municipal Affairs, Albertans' Satisfaction with their Municipal Government Survey

Note(s): The measure reports the percentage of adult Albertans who are somewhat satisfied to very satisfied with their municipal government. The results are based on a telephone survey of a probability sample of 1,000 adults from Alberta's two metropolitan centres (Calgary and Edmonton); 12 northern smaller cities; five southern smaller cities; and one northern rural and one southern rural region. The results are considered reliable within +/- 4.0 per cent 19 times out of 20. The survey is typically conducted in the early fall of each year; however, operational requirements caused the survey for 2012-13 to be run from January 15 to 27, 2013.

3. Violent Crime Rate

Source: Canadian Crime Statistics, Statistics Canada: Canadian Centre for Justice Statistics – Uniform Crime Reporting Survey

Note(s): Historical results have been revised to reflect updated data provided by police services for incidents that occurred in previous years. Statistics Canada data for 2012 has not yet been released. Violent crime includes homicide, attempted murder, various forms of sexual assault, robbery and abduction. This does not include traffic incidents that result in death or bodily harm.

4. Volunteerism

Source: Culture, Survey of Albertans on Culture

Note(s): Albertans were asked if they had volunteered in areas such as arts, culture, sports, recreation, libraries, human services, youth development, informal volunteering or any other type of volunteer work. The Survey of Albertans on Culture is a sample survey of 1,000 adult Albertans stratified by age group, gender and geographic location. The response rate was 32.4 per cent and the margin of error +/- 3.1 per cent, 19 times out of 20.

5. Tourism Expenditures

Source: Statistics Canada, Travel Survey of Residents of Canada and the International Travel Survey, and Tourism, Parks, and Recreation

Note(s): Expenditures include those made in Alberta by visitors from overseas, the United States, other Canadian provinces and residents of Alberta. The 2012 figure is not available due to a significant change in methodology by Statistics Canada. New data from the Travel Survey of Residents of Canada are no longer comparable with previous years. Results and targets calculated using the new methodology are presented in the 2013-16 Government of Alberta Strategic Plan.

6. Public Perception of Safety in the Neighbourhood

Source: Justice and Solicitor General 2012-13 Public Opinion Survey

Note(s): To survey a random and representative sample of adult Albertans, quotas were established based on 2011 census data from Statistics Canada. Leger Marketing is the third party consultant that conducted the survey in

2012-13. A public opinion telephone survey has been conducted on an annual basis on behalf of Justice and Solicitor General since 1996. From 2008-09 to 2011-12, Alberta Justice and Alberta Solicitor General and Public Security conducted public opinion surveys independent of one another. In 2012-13, the newly merged Ministry of Justice and Solicitor General conducted a single survey of 2,000 respondents.

Of 2,000 respondents, 1,653 (83 per cent) felt very safe or reasonably safe walking alone in their neighbourhood after dark. The response rate was 28 per cent and the results are considered reliable within +/-2.2 per cent, 19 times out of 20.

7. Property Crime Rate

Source: Canadian Crime Statistics, Statistics Canada: Canadian Centre for Justice Statistics–Uniform Crime Reporting Survey

Note(s): Historical results have been revised to reflect updated data provided by police services for incidents that occurred in previous years. Statistics Canada data for 2012 has not yet been released. Property crime includes theft, break-and-enter, fraud and possession of stolen goods. This does not include the use of threat of violence against an individual.

8. Support for Albertans with Developmental Disabilities

Source: Human Services, Persons with Developmental Disabilities Family and Guardian Satisfaction Survey

Note(s): The biennial survey results are based on whether respondents strongly agree, agree or somewhat agree that they were satisfied with PDD-funded services. Prior to 2008-09, the survey used a four-point scale, with overall agreement reflecting respondents who strongly agreed or agreed that they were satisfied.

A written questionnaire was sent by mail to legal guardians of adults receiving PDD-funded services in Alberta. Respondents had the option to instead fill out the survey online. Security measures were implemented to control access to the online survey, data entry, and data retrieval to ensure the accuracy and integrity of data.

In the last survey, a total of 5,585 survey forms were distributed and 11,680 completed surveys were received representing an overall response rate of 30.2 per cent. The results are considered reliable within +/- 1.4 per cent 19 times out of 20.

9. Social and Emotional Development of Children

Source: Statistics Canada and Human Resources and Skills Development Canada – National Longitudinal Survey of Children and Youth

Note(s): The last results are based on the now discontinued biennial survey designed to track child development and well-being from birth to early adulthood. The survey includes information about how a child's family, friends, activities, school and community affect their learning, behaviour and health.

The Emotional Development result is reliable to within +/-1.1 per cent nationally and to 3.2 per cent in Alberta, 19 times out of 20. The Social Development result is reliable to within +/- 1.1 per cent nationally and to 2.9 per cent in Alberta, 19 times out of 20.

10. Support for Albertans with Low Incomes who Need Temporary Help

Source: Human Services

Note(s): The results of this measure are obtained through the Work Outcomes Reporting Project (WORP) survey. An independent consultant was retained through WORP to contact former Income Support Program participants three months after they left the program. Participants are asked to respond to the question, "Have you been employed at any time since you stopped receiving social assistance (welfare)?"

11. Ease of Access to Services

Source: Physician Services – 2012: Health Quality Council of Alberta. Satisfaction and Experience with Health Care Services: A Survey of Albertans, conducted by the Population Research Laboratory at the University of Alberta.

2013: Health Quality Council of Alberta. Provincial Survey about Health and the Health System in Alberta, conducted by the Population Research Laboratory at the University of Alberta.

Source: Emergency Department Services - 2012: Health Quality Council of Alberta. Satisfaction and Experience with Health Care Services: A Survey of Albertans conducted by the Population Research Laboratory at the University of Alberta.

2013: Health Quality Council of Alberta. Provincial Survey about Health and the Health System in Alberta conducted by the Population Research Laboratory at the University of Alberta.

Note(s): Results reflect the percentages of Albertans rating ease of access to physician services, and ease of access to emergency department services, as easy or very easy. In 2013, a total of 1,510 people in Alberta were surveyed. The estimated margin of error for the provincial sample of 1,510 is 2.5 per cent based on the 95 per cent confidence interval. From this sample, 1,161 people who had personally obtained physician services in Alberta in the past 12 months responded to the question on ease of access to physician services. Results are reliable within ± 2.3 per cent, 19 times out of 20.

To assess ease of access to emergency department services, a total of 1,510 people in Alberta were surveyed. The estimated margin of error for the provincial sample of 1,510 is 2.5 per cent based on the 95 per cent confidence interval. From this sample, 340 people who had personally received emergency department services in Alberta in the past 12 months responded to the question on ease of access to emergency department services. Results are reliable within ± 5.1 per cent, 19 times out of 20.

12. Public Rating of Health System Overall

Source: Source is the same as note 11 Ease of Access to Services: Physician Services

Note(s): Results reflect Albertans' rating of the health care system and the quality of medical services it provides. In 2013, a total of 1,510 people in Alberta were surveyed. The estimated margin of error for the provincial sample of 1,510 is 2.5 per cent based on the 95 per cent confidence interval. From this sample, 1,488 respondents answered the question on rating the health care system and the quality of medical services it provides. Results are reliable within ± 2.4 per cent, 19 times out of 20.

13. Satisfaction with Health Care Services Received

Source: 2012: Health Quality Council of Alberta. Satisfaction and Experience with Health Care Services: A Survey of Albertans, conducted by the Population Research Laboratory at the University of Alberta.

2013: Health Quality Council of Alberta. Provincial Survey about Health and the Health System in Alberta, conducted by the Population Research Laboratory at the University of Alberta.

Note(s): Results reflect Albertans' overall rating of their satisfaction with health care services personally received in Alberta within the past year. In 2013, a total of 1,510 people in Alberta were surveyed. The estimated margin of error for the provincial sample of 1,510 is 2.5 per cent based on the 95 per cent confidence interval. From this sample, 561 respondents answered the question on satisfaction with health care services personally received in Alberta within the past year. Results are reliable within ±4.0 per cent, 19 times out of 20 for this question.

14. Continuing Care

Source: Persons waiting in an acute care hospital bed; Persons waiting in the community for continuing care: Alberta Health Services, Stratahealth Pathways (Calgary and Edmonton Zones); Meditech (North, Central and South Zones).

Note(s): The number of persons waiting in an acute care hospital bed/waiting in the community for continuing care is defined as the number of individuals assessed and approved for publicly funded continuing care living options who are waiting in acute care and sub-acute care hospital beds/waiting in the community for continuing care at a specific point in time (March 31st).

15. Physical Condition of Health Facilities

Source: Infrastructure, Alberta Health Services Board

Note(s): Due to improvements made to the methodology that resulted in greater consistency in calculating the FCI across learning, government-owned and health facilities, results prior to 2011-12 are not comparable to previous years' results. See Note 21, Physical Condition of Learning Facilities for an interpretation of good, fair or poor for building infrastructure.

16. Aboriginal Employment (off-reserve)

Source: Statistics Canada Labour Force Survey and Enterprise and Advanced Education

Note(s): This measure reports on the difference between the unemployment rate of the off-reserve Aboriginal population and that of non-Aboriginal population in Alberta on a calendar year basis. Aboriginal unemployment rates have typically been higher than unemployment rates for other Albertans. The unemployment rates for both off-reserve Aboriginal population and non-Aboriginal population are based on the Labour Force Survey conducted by Statistics Canada. Data tables are provided by Statistics Canada and tabulated by staff from the Ministry of Enterprise and Advanced Education to produce the result for this measure, i.e., the difference between the unemployment rates.

17. Education Attainment of Albertans Age 25+: Post-secondary Completion (Age 25–64)

Source: Statistics Canada Labour Force Survey

Note(s): Post-secondary completion includes certificates and diplomas (university, vocational, trade, community college) and university degrees. Excluded from the survey's coverage are persons living on reserves and other Aboriginal settlements in the provinces, full-time members of the Canadian Forces, and the institutionalized population.

18. High School Completion Rate

Source: Education

Note(s): The high school completion rate reports the percentages of Alberta students in public, separate, francophone, charter, and accredited private schools who, within five years of entering Grade 10, received an Alberta High School Diploma, an Alberta High School Equivalency Diploma (GED), a Certificate of Achievement for completing the Integrated Occupational Program (IOP) or the Certificate of High School Achievement for completing Knowledge and Employability courses entered an Alberta post-secondary program or an apprenticeship program; or earned credits in five Grade 12 courses, including one language arts diploma examination course and three other diploma examination courses.

The tracking of Grade 10 Alberta students excludes some students, such as those identified as having a severe or moderate cognitive disability or a severe multiple disability.

19. Post-secondary Transition Rate

Source: Education

Note(s): The high school to post-secondary transition rate reports the percentages of Alberta students in public, separate, francophone, charter, and private schools who made the transition to post-secondary education within six years of entering Grade 10.

20. Education Attainment of Albertans Age25+: High School Completion (Age 25-34)

Source: Statistics Canada Labour Force Survey

21. Physical Condition of Learning Facilities

Source: Infrastructure

Note(s): Results are based on overall condition of facilities. Good is defined as adequate for intended use and expected to provide continued service life with average maintenance. Fair means aging components are nearing the end of their life cycle and require additional expenditure for renewal or refurbishing. Poor means upgrading is required to comply with current codes or standards and deterioration has reached the point where major repairs or replacement are necessary. Current codes and standards are defined by the Alberta Building Code which is revised periodically or other mandatory requirements. Older buildings are grandfathered and required to comply with the standards applicable at the time they were constructed and not the current standards. Due to improvements made to the methodology that resulted in greater consistency in calculating the FCI across learning, government-owned and health facilities, results prior to 2011-12 are not comparable to previous years' results.

22. Business Expenditures on Research and Development

Source: Statistics Canada

Note(s): This is a measure of expenditures devoted annually to research and development from all business sectors of Alberta's economy. The data is gathered annually by Statistics Canada using surveys of business and is initially published as Industrial Research and Development: Intentions. The funding view of the data presents who provided the money regardless of which performing entity spent it. Due to an overlap in the collection periods, 2008 and 2009 have been revised to capture new data.

23. Labour Force Participation Rate

Source: Statistics Canada Labour Force Survey and Human Services

Note(s): The labour force participation rate represents the percentage of the working-age population (15 years or older) that is either employed or unemployed, compared to other provinces. Persons who are working are classified as employed, while those who are not working but who are available for work are classified as unemployed. The remainder of the population is referred to as not in the labour force. The rate is calculated as a 12-month average of the monthly results, which are distributed by Statistics Canada through the Labour Force Survey statistics.

24. Labour Productivity

Source: Statistics Canada

Note(s): Statistics Canada calculates the provincial labour productivity by using real Gross Domestic Product (GDP) at basic prices per hour worked for all jobs. GDP at basic prices is derived from GDP at market prices, but excludes indirect taxes and subsidies on products.

Results for this measure previously used GDP estimates based on 2002 constant dollars; however, Statistics Canada recently released GDP estimates for 2012 in 2007 constant dollars. Therefore, the previous years' results have been restated to remain comparable with the current result.

25. Physical Condition of Provincial Highways

Source: Transportation

Note(s): This measure defines the percentage of paved provincial highways in good, fair, or poor condition. The condition of the highway is measured by consultants using laser-based equipment which identifies the roughness of roads. Condition is categorized based on an International Roughness Index.

The identification of roads as good, fair or poor relies on criteria established as a result of University of Calgary's comprehensive research study of road conditions and other performance measures conducted for the ministry in 2002.

The provincial highway network consists of approximately 31,200 kilometers of roadways, of which 27,900 are paved. The length of roads being analyzed in 2012 was 27,855 kilometers.

26. Physical Condition of Government-owned and Operated Facilities

Source: Infrastructure

Note(s): Refer to note 21 for a definition of good, fair or poor physical condition as well as a definition of current minimum codes and standards. Due to improvements made to the methodology that resulted in greater consistency in calculating the FCI across learning, government-owned and health facilities, current results are not comparable to previous years' results.

27. River Water Quality Index

Source: Environment and Sustainable Resource Development

Note(s): River water quality is based on the Oldman River, Bow River, Red Deer River, North Saskatchewan River, Smoky/ Peace Rivers and Athabasca River. Various natural and human factors, including flow volume, degree of development in the basin, point source effluent discharges, and non-point source runoff (e.g., from agricultural fields), can influence the River Water Quality Index. In April of 2011, sampling in the North Saskatchewan River basin coincided with snow melt, which likely contributed to increased non-point source runoff to the river. Contaminants (bacteria, nutrients, pesticides) transported by this runoff may have caused an increase in the number and magnitude of water quality guideline exceedances, resulting in a lower River Water Quality Index rating at the downstream monitoring station. Similarly, July rainfall in the Peace River basin likely contributed to guideline exceedances for nutrients, metals, bacteria and pesticides and an index rating of "fair" at the downstream monitoring station.

The Water Quality Index is calculated on the basis of four variable groups (metals, bacteria, nutrients and pesticides) that are regularly monitored in the provincial rivers. The resulting value is assigned a rating according to the following guidelines: 96-100 Almost always met; Best quality (Excellent); 81-95 Occasionally exceeded, but usually by small amounts; threat to quality is minimal (Good); 66-80 Sometimes exceeded by moderate amounts; quality occasionally departs from desirable levels (Fair);46-65 Often exceeded, sometimes by large amounts; quality is threatened, often departing from desirable levels (Marginal); 0-45 Almost always exceeded by large amounts; quality is significantly impaired and is well below desirable levels; Worst quality (Poor). Both upstream and downstream monitoring stations must achieve a minimum rating of good for the river to receive an overall score of good to excellent.

28. Municipal Solid Waste to Landfills

Source: Environment and Sustainable Resource Development

Note(s): Waste from the residential sector; the industrial, commercial, and institutional

sector; and the construction, renovation, and demolition sector collected at municipal landfills is included in this measure. The calculation is based on the kilograms of municipal solid waste sent to each landfill, and the population served by each reporting landfill. The information is collected from landfills with weigh scales, and is voluntarily provided. The measure is calculated using the most up-to-date population statistics, either Municipal Affairs official population list or Statistics Canada 2011 Census data. Approximately 84 per cent of Alberta's population is served by reporting landfills. Estimates are used for the remaining population, and are derived by multiplying per capita disposal rate with the unmeasured population. Historical result has been revised to correct an insignificant misstatement due to a formula error.

29. Air Quality Index

Source: Environment and Sustainable Resource Development, Parkland Airshed Management Zone, Calgary Region Airshed Zone, Fort Air Partnership, Peace Airshed Zone Association, Palliser Airshed Society, and Lakeland Industry and Community Association and Wood Buffalo Environmental Association.

Note(s): The Air Quality Index methodology has been enhanced and therefore results are no longer comparable to the target or historical data prior to 2010. The results reflect the new monitoring technology implemented at twelve air monitoring stations across Alberta which better accounts for the total fine particulate matter (PM2.5) concentration. This initiative is part of the National Air Pollution Surveillance Program being implemented across Canada. Results for the year 2012 were based upon data from ten stations. The Edmonton South and Lethbridge stations were not included due to insufficient data availability. The Fort McMurray Athabasca Valley station was included due to its upgrade to the new monitoring technology.

30. Total Greenhouse Gas Emissions

Source: Environment Canada Canada's Inventory can be found at: http://www.ec.gc.ca/ges-ghg/default.asp?lang=En&n=68EE206C-1

Note(s): Results are based on the success in meeting the greenhouse gas emissions growth targets measured in million tonnes of CO2 equivalent, as outlined in Alberta's 2008 Climate Change Strategy. Alberta's total emissions are reported in the National/Provincial/Territorial Tables.

31. Manufacturing and Service Industry Investment

Source: Statistics Canada and Enterprise and Advanced Education

Note(s): Statistics Canada surveys all industries once a year about their actual past years' capital investments, as well as their intended investments for the current year. For business services, the following industries are aggregated: transportation and warehousing; information and cultural industries; finance and insurance; professional, scientific and technical services; administrative and support; waste management; arts, entertainment and recreation; and accommodation and food services.

32. Manufacturing and Service Exports

Source: Statistics Canada and Enterprise and Advanced Education

Note(s): The total value of Alberta's international goods exports is equivalent to Statistics Canada's published numbers. For manufactured goods, export data by commodity from Statistics Canada are used to determine industry-specific export values, using Statistics Canada classifications.

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